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Tree Nuts Annual

2016

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Report Highlights:
The United States is the most important supplier of nuts to the European Union. In the last decade, tree nut shipments from the United States to the EU-28 have doubled, reaching a record $2.98 billion in 2015, of which $1.8 billion were almonds. The positive reputation of nuts and the increased consumer awareness of the health benefits of nuts have been extremely beneficial to boost sales.

Disclaimer: This report presents the situation and outlook for tree nuts (almonds, walnuts and pistachios) in the EU-28. This report presents the views of the authors and does not reflect the official views of the U.S. Department of Agriculture (USDA). The data are not official USDA data.

This report would not have been possible without the valuable expert contributions from the following Foreign Agricultural Service analysts:

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Abbreviations and definitions used in this report

Conversion factors: conversion factor is used to convert shelled to in-shell tree nuts.
Almonds: 0.6
Walnuts: 2.34
Pistachios: 2.0

GTA Global Trade Atlas
Ha hectare; 1 ha = 2.471 acres

HS Codes: Harmonized System codes for commodity classification used to calculate trade data.
Almonds: Shelled 080212; In-shell 080211
Walnuts: Shelled 080232; In-shell 080231
Pistachios: In-shell 080251, Shelled 080252 (since January 2012)

MT Metric ton = 1,000 kg
EU MS European Union Member State(s)

MY Marketing year
Almonds: September/August
Walnuts: October/September
Pistachios: September/August

USD U.S. Dollar (Exchange rate at time of publishing €1=US$ 1.13)

Executive Summary:

US and EU: important trading partners

According to the Global Agricultural Trade System (GATS), in the last decade, tree nut shipments from the United States to the EU-28 have doubled, reaching a record $2.98 billion in 2015. Sales have expanded significantly across all tree nuts products and categories. In 2015, almonds totaled almost $2 billion in sales (both in-shell and shelled), followed by walnuts with more than $444 million and pistachios with $426 million.

In 2015, the EU-28 was the primary export destination for U.S. tree nuts, followed by East Asia and the Middle East. The EU-28 accounted for 35 percent of total tree nut exports, East Asia imported 24 percent of the total and the Middle East 12 percent. Within the EU, the most important trade partners for US tree nuts are in order of importance Spain, Germany and the Netherlands.

Last year, EU-28 imported tree nuts for a final value of $2.98 billion. The United States continues to be the largest supplier by far, with over 40 percent of the market share. Turkey ranks second with a market share of 17 percent, followed by Vietnam, Iran and Australia. Almond continues to be the main tree nut with 30 percent of EU tree nuts total imports. The US is an important trade partner to the EU for supplying almonds, pistachios and walnuts.

Food processing and snack industry are key buyers of tree nuts

The European food processing and snack industry are the large users of tree nuts both as an ingredient for traditional sweets and pastries and to re-process and re-export to third countries. Almonds are mainly used as an ingredient for producing marzipan, nougat, turron (Spanish typical Christmas confection) and many other pastries and sweets. They are also used to manufacture almond butter and paste. Walnuts and pistachio nuts are used as an ingredient for manufacturing ice cream and confectionary products.

When roasted, salted or mixed, tree nuts are a popular snack. Their positive reputation is increasing the popularity of nuts, the industry is investing in more creative and innovative ways to consume the product, both for sweet and savory concepts. Consumers are increasingly aware of the health benefits of nuts, which has been extremely beneficial to boost sales. Thus, due to the mature nature of the European market, manufacturers are focusing their strategies on launching new value-added innovative products rather than volume sales.

Expanding business in EU market

Since the EU remains a key export market for US tree nuts, exporters continue to explore ways to expand their overseas business. Trade shows are an excellent opportunity both to know the market and to meet potential importers. Some of Europe's leading trade shows for tree nuts are: Fruit Logistica in Berlin, Germany; Alimentaria, in Barcelona, Spain; Sial in Paris, France or Anuga in Cologne, Germany. Other important interesting shows include Food Ingredients, Health Ingredients, Vitafoods, PLMA Amsterdam and Biofach. Finally, it would be advisable for new-to-the-market exporters to have a look at the EU-28 Food and Agricultural Import Regulations and Standards report and Exporter Guides produced at the various EU FAS Offices.

US cooperators active in the EU

Trade associations like the Almond Board of California, American Pistachio Growers and California Walnut Commission continue to develop strategies for the EU market. These trade associations, or so-called cooperators, in cooperation with FAS offices all over Europe, continuously work to further develop the market for U.S. tree nuts.

Commodities:

Almonds, Shelled Basis

Production:

The European Union is one of the world's leading producers and consumers of almonds. Furthermore, the EU is the single largest export market for California almonds, being Spain the world number 1 importer. Annually, California production is exported to 90 countries worldwide, and the EU-28 represents approximately one third of California's almond exports.

Spanish production has historically fluctuated greatly and is not expected to increase its production significantly in the long term. This is due mainly to the declines in EU agricultural support programs and the continuing urbanization of traditional production areas. For MY 2016, the latest official forecast published by the Ministry of Agriculture, Food and Environment (MAGRAMA) shows an estimated production figure of 65,182 MT (shelled basis), a 2 percent decrease compared to previous year's crop.

According to the MAGRAMA statistics, most of the main producing regions decreased slightly their production compared to previous marketing year. Only Aragon (+22 percent) and Catalonia (+14 percent) increased their production compared to 2015. At the same time, mainly due to adverse weather conditions, some areas saw a decrease in production, such as Valencia (-15 percent), Andalucia (-9 percent), and Castilla-La Mancha (-3 percent).

Italy's MY 2016 almond production is forecast to remain steady from the previous year at approximately 20,000 Metric Tons (MT). Quality is not expected to be as good as last year, because of the draught that is affecting the Italian peninsula since April 2016. Moreover, due to strong competition from competitively priced Californian almonds, cultivation in Italy has become less profitable. Therefore, many farmers have been abandoning this crop or shifting to more rewarding cultivations (i.e., citrus fruit, wine grapes, horticultural products). Furthermore, almond orchards are often located in areas where mechanization is not always feasible.

Table 1. Major EU Almond Producers by Volume in MT (Shelled Basis)

COUNTRY	MY 2014/15	MY 2015/16	MY 2016/17
Spain	59,303	66,606	65,182
Italy	10,000	20,000	20,000

Source: FAS Europe Offices and Eurostat

Consumption:

Almonds represent an important component of the Mediterranean diet. In-shell almonds are mainly sold for fresh consumption for snacking.

In addition to snacking, Europe is a key almond ingredient market. Shelled almonds are milled and generally used as a raw material for confectionary and bakery food companies.

Traditionally, consumers prefer locally grown products mainly for loyalty and habits, but since production is not enough to satisfy the enormous demand, imports supply domestic consumption. Also, pricing plays a key role as domestic production leads to higher prices, pushing consumers to look for lower prices and therefore to imported varieties.

Tree nuts imports are indispensable for EU consumers.

Trade:

Imports

The EU is the single largest export market for California almonds, being Spain the largest importer. Annually, California production is exported to 90 countries worldwide, and the EU-28 represents approximately one third of California's almond exports.

In MY 2014, the United States was once more the main source of almonds for European importers. U.S. almonds face competition in the EU from locally grown almonds, particularly from Spain. The EU is consistently increasing their imports from Australia as Australian production increases, but their export numbers to Europe are still very far from being a real competition. U.S. almonds will likely continue to enter the EU market with highly competitive prices.

The major EU-28 importers of U.S. almonds by volume are Spain, Germany and the Netherlands in this order. Many countries import large quantities of almonds destined both for domestic consumption and re-export markets, as well as used in the confectionary, ice cream and chocolate industries.

Table 2. EU-28 Imports of Almonds by Origin in MT (Shelled Basis)

Country of origin	MY 2012/13	MY 2013/14	MY 2014/15
United States	192,788	217,171	205,970
Australia	11,611	20,083	19,883
Morocco	1,196	1,621	1,997
Chile	591	387	577
Canada	107	175	497
Afghanistan	2	843	272
Others	1,781	1,715	1,030
TOTAL EXPORTS	**208,076**	**241,995**	**230,226**

Source: GTA

Exports

The top destinations for EU-28 almonds in MY 2014 were the United States, Moldova and Chile. The largest almond exporter is Spain and Spanish exports are destined mainly for other EU MS.

Table 3. EU-28 Exports of Almonds by Destination in MT (Shelled Basis)

Country of origin	MY 2012/13	MY 2013/14	MY 2014/15
United States	2,531	3,577	6,122
Switzerland	1,623	1,752	1,814
Canada	231	348	633
Turkey	70	20	449
Norway	288	326	441
Ceuta	1,200	386	374
Others	4,034	4,284	3,529
TOTAL EXPORTS	**9,977**	**10,693**	**13,362**

Source: GTA

Production, Supply and Demand Data Statistics:

Almonds, Shelled Basis EU-28	2014		2015		2016		
	2014/2015		2015/2016		2016/2017		
	Market Year Begin: Sep 2014		Market Year Begin: Sep 2015		Market Year Begin: Sep 2016		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	0	626,430	0	652,612	0	652,615	(HA)
Area Harvested	0	625,822	0	651,925	0	651,928	(HA)
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Total Trees	0	0	0	0	0	0	(1000 TREES)
Beginning Stocks	18,000	30,000	0	18,000	0	18,000	(MT)
Production	75,000	78,414	0	96,079	0	93,941	(MT)
Imports	220,000	230,226	0	238,000	0	240,000	(MT)
Total Supply	313,000	338,640	0	352,079	0	351,941	(MT)
Exports	11,000	13,362	0	14,500	0	14,000	(MT)
Domestic Consumption	290,000	307,278	0	319,579	0	319,941	(MT)
Ending Stocks	12,000	18,000	0	18,000	0	18,000	(MT)
Total Distribution	313,000	338,640	0	352,079	0	351,941	(MT)

Source: FAS Europe Offices

Commodities:

Walnuts, Inshell Basis

Production:

The vast majority of walnuts produced in France are exported in-shell. Production and exports are increasing on the long run. Exports rose by 80 percent in ten years. However, France is a net importer of shelled walnuts. Due to high domestic processing costs, a part of the walnuts produced in France are shelled abroad then imported back. Imports and consumption of shelled walnuts are on an upward trend.

Walnut production is increasing on the long run, and export is by far the main outlet. Production increased by 10 percent in five years (2015-2016 vs 2011-2012 average), and in MY 2014, 61 percent of total production was exported in-shell (25,041 MT). In 2015, as in the previous years, the bulk of exports was directed to the EU (86 percent), mainly to Italy (35 percent of total exports), Spain (23 percent) and Germany (17 percent). In 2016, walnut production is expected to increase by 15 to 20 percent in the South East of France (Rhone-Alpes region mainly) and to decrease by 15 to 20 percent in the South West because of frost damage on early varieties.

Walnuts intended for processing are believed to represent seven to ten percent of the production. Most of them are exported to Moldova in-shell, then imported back, shelled. In 2015, 8 percent of the production was exported to Moldova in-shell. This country remained the leading market outside of the EU.

During the first nine months of MY 2015 (October 2015 to June 2016), French exports of in-shell walnuts were 5 percent higher than during the first nine months of MY 2014. The main destinations remained the same. Exports to Italy increased by 10 percent while exports to Spain decreased by 14 percent.

Italy's MY 2016 walnut production is preliminarily forecast to decrease to approximately 9,850 MT, because of adverse weather conditions. Quality is forecast to be excellent and calibers good. Italy lost its walnut market leadership a few decades ago and now is a leading importer, mainly from the United States. Because farmers generally grow walnut trees for both timber and nuts, nut yields and quality have suffered. Higher input costs and lower prices have negatively affected crop profitability. As a result, Italian walnut production supplies approximately 20 percent of domestic requirements and the remainder is imported. Most walnuts are cultivated in Campania (Southern Italy), where the main varieties are *Sorrento* and *Malizia*. Some farmers in Northern Italy have established efficient and profitable walnut orchards planted with *Lara* and *Chandler* varieties.

In Spain, there main growing regions are Extremadura, Galicia, Valencia, Castilla-La Mancha, Andalucia, Aragon and Murcia. The MAGRAMA has not yet published the official walnut production data for MY 2015. Therefore, if weather conditions are favorable, we can expect an average production of 15,000 MT for current MY.

Table 4. Major EU Walnut Producers in MT (In-shell Basis)

COUNTRY	MY 2014/15	MY 2015/16	MY 2016/17
France	34,768	40,788	40,800
Romania	31,500	32,400	33,000
Spain	15,450	15,381	15,000

Source: FAS Europe Offices

Consumption:

Walnuts are mainly purchased in winter time both in-shell and shelled for fresh consumption, particularly during Christmas time. More consumers are increasingly purchasing walnuts all year round due to their perceived nutritional benefits and healthy snacking trends are expected to drive consumption in the forecast period. The continued release of studies and research showing the cardiovascular benefits have made walnuts very popular among health-conscious consumers

In this sense, California Walnuts continues to conduct very appropriate consumer advertising campaigns focusing on the health benefits of walnuts as well as the key messages of origin, quality and/or versatility. These actions have a very positive impact in the image of California Walnuts and increased the education on the health benefits of the product.

Trade:

Imports

The wide gap between EU walnut production and imports provides excellent opportunities for walnut exporters. The United States is the number one supplier of walnuts, both in-shell and shelled.

The EU imports various types of nuts for direct consumption as well as for further processing and re-export within the region in different forms, such as salted, baked, fried and mixed nuts.

Table 5. EU-28 Imports of Walnuts by Origin in MT (Inshell Basis)

Country of origin	MY 2012/13	MY 2013/14	MY 2014/15
United States	72,552	84,839	97,651
Moldova	21,262	23,280	24,452
Chile	16,464	21,710	24,041
Ukraine	18,041	19,855	22,206
Australia	1,414	1,710	3,563
China	3,617	5,014	3,404
Others	8,724	9,416	6,704
TOTAL IMPORTS	**133,350**	**156,408**	**175,317**

Source: GTA

Exports

EU-28 exports of walnuts are very limited. The top destinations for EU-28 walnuts in MY 2014/15 were Turkey, Switzerland and Moldova.

Table 6. EU-28 Exports of Walnuts by Destination in MT (Inshell Basis)

Country of origin	MY 2012/13	MY 2013/14	MY 2014/15
Turkey	2,373	7,818	4,215

Switzerland	2,806	2,600	2,650
Moldova	2,260	3,026	2,575
Bosnia & Herzegovina	1,052	749	865
Albania	764	1,047	754
United States	1,779	1,745	707
Others	3,979	7,661	4,738
TOTAL EXPORTS	**15,013**	**24,646**	**16,504**

Source: GTA

Production, Supply and Demand Data Statistics:

Walnuts, Inshell Basis EU-28	2014		2015		2016		
	2014/2015		2015/2016		2016/2017		
	Market Year Begin: Sep 2014		Market Year Begin: Sep 2015		Market Year Begin: Sep 2016		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	0	42,015	0	46,252	0	46,465	(HA)
Area Harvested	0	41,559	0	45,789	0	46,002	(HA)
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Total Trees	0	0	0	0	0	0	(1000 TREES)
Beginning Stocks	40,000	40,000	40,000	40,000	0	40,000	(MT)
Production	111,000	107,918	117,000	115,956	0	113,650	(MT)
Imports	187,100	175,317	215,000	185,000	0	180,000	(MT)
Total Supply	338,100	323,235	372,000	340,956	0	333,650	(MT)
Exports	16,500	16,504	18,000	17,500	0	18,000	(MT)
Domestic Consumption	281,600	266,731	314,000	283,456	0	275,650	(MT)
Ending Stocks	40,000	40,000	40,000	40,000	0	40,000	(MT)
Total Distribution	338,100	323,235	372,000	340,956	0	333,650	(MT)

Source: FAS Europe Offices

Commodities:

Pistachios, Inshell Basis

Production:

Pistachio is a traditional crop in Italy, especially in Sicily region (Bronte area), where more than 90 percent of the production is located. *Bianca* (also called *Napoletana*) is the main pistachio variety grown in Italy and is normally harvested in September. In recent years, pistachio production has slightly expanded to other areas in Sicily and Basilicata, where newer and input intensive orchards have been planted. Since 2004, pistachio from Bronte has been awarded by the European Commission as a PDO (Protected Designation of Origin), distinguishing it from all other pistachio varieties worldwide. Pistachio trees production is cyclical, bearing heavily in alternate years. Therefore, after the extraordinary MY 2015 campaign, MY 2016 will be a 'lower' bearing year.

Consumption:

Domestic EU pistachio production is not sufficient to cover domestic demand, resulting in significant imports from Iran and the United States.

The overall pistachios use can be split among many different ones starting from the in-shell basically traded as a snack food or as an ingredient employed by restaurant, shelled pistachios are used by bakeries and food companies (bakeries, cosmetic companies, sweet food companies and so on) while ice-cream makers mainly employ milled pistachios.

Trade:

Imports

The EU is a net importer of pistachios due to very limited EU production. The main suppliers for the European market are the United States and Iran, who together account for nearly 100 percent of total imports. The United States is Iran's biggest rival regarding pistachio exports and production. Though Iran is the number one producer and exporter of pistachios in the world, the Unites States is quickly catching up.

U.S. pistachios continue to be the main source of pistachios in the EU, as they have a higher quality image than their major competitor.

Table 8. EU-28 Imports of Pistachios by Origin in MT (Inshell Basis)

Country of origin	MY 2012/13	MY 2013/14	MY 2014/15
United States	43,994	51,830	54,291
Iran	19,431	20,342	24,094
Turkey	3,721	1,581	2,026
Iceland	0	0	536
Jordan	0	135	181
Others	2,247	1,248	816
TOTAL IMPORTS	**69,393**	**75,136**	**81,944**

Source: GTA

Exports

EU-28 exports of pistachios are very limited. The top destinations for EU-28 pistachios in MY 2014/15 were Switzerland and Norway. The major pistachio exporters are Greece, Italy and Spain.

Table 8. EU-28 Exports of Pistachios by Destination in MT (Inshell Basis)

Country of origin	MY 2012/13	MY 2013/14	MY 2014/15
Switzerland	405	294	330
Norway	35	104	123

Melilla	123	179	122
Belarus	127	83	112
Others	891	613	696
TOTAL EXPORTS	**1,581**	**1,273**	**1,383**

Source: GTA

Production, Supply and Demand Data Statistics:

Pistachios, Inshell Basis EU-28	2014		2015		2016		
	2014/2015		2015/2016		2016/2017		
	Market Year Begin: Sep 2014		Market Year Begin: Sep 2015		Market Year Begin: Sep 2016		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	0	19,029	0	19,060	0	19,115	(HA)
Area Harvested	0	18,083	0	18,113	0	18,161	(HA)
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Total Trees	0	0	0	0	0	0	(1000 TREES)
Beginning Stocks	1,500	1,500	1,500	1,500	0	1,500	(MT)
Production	13,000	6,130	13,000	11,630	0	5,330	(MT)
Imports	71,500	81,944	70,000	80,000	0	82,000	(MT)
Total Supply	86,000	89,574	84,500	93,130	0	88,830	(MT)
Exports	1,350	1,383	1,300	1,500	0	1,300	(MT)
Domestic Consumption	83,150	86,691	81,700	90,130	0	86,030	(MT)
Ending Stocks	1,500	1,500	1,500	1,500	0	1,500	(MT)
Total Distribution	86,000	89,574	84,500	93,130	0	88,830	(MT)

Source: FAS Europe Offices

Commodities:

Almonds, Shelled Basis
Walnuts, Inshell Basis
Pistachios, Inshell Basis

Policy:

Between 2004 and 2011, almonds, hazelnuts, walnuts, pistachios and locust beans benefited from the direct support schemes for farmers established by European Union under the Common Agricultural Policy (CAP).

Since 2012, the EU aid was separated from production (decoupling), though MS are allowed to continue to provide with a national aid. In the case of Spain, the national aid will be co-financed by the MAGRAMA and the Autonomous Regions. According to the Spanish Agricultural Guarantee Fund (FEGA), in MY 2015/16 the national aid in Spain will be 8.26 €/ha ($9.24/ha) for a total of 448,119.94 hectares.

Aflatoxin Certification for Tree Nuts

Aflatoxin certification is an import instrument for U.S. exports to the EU of almonds and pistachios. Information on the product specific programs is available from the respective commodity groups as well as from the USDA Agricultural Marketing Service (AMS).

Pre-Export Controls on Aflatoxins in U.S. Almonds

Article 23 of the EU regulation on official food and feed controls (Regulation (EC) No 882/2004) allows the EU to officially recognize a third country's system of pre-export checks (PEC) on feed and food prior to export as long as it meets the EU requirements.

EU approval of a third country's system of pre-export checks may only be granted on the condition that the controls carried out in the third country are considered to be sufficient so that the import controls upon arrival to the EU can be significantly reduced.

The EU's Food and Veterinary Office (FVO) assessed the U.S. aflatoxin control system on almonds leading to the EU approval of the pre-export checks program for U.S. almonds in April 2015 in Commission Implementing Regulation (EU) 2015/949. Under this regulation, import authorities are directed to subject consignments of U.S. almonds with a PEC certificate to a less than 1 percent control level at the border. The PEC program is voluntary; a PEC certificate is not a requirement for import into the EU. Shipments without a PEC certificate do not benefit from the reduced inspection levels upon import in the EU.

For additional information on PEC aflatoxin certificates, please go to:
Almond Board of California (ABC)
USDA-AMS Laboratory Approval Service – Aflatoxin Program

Pistachios

For information on aflatoxin certification on pistachios, please visit:

- Administrative Committee for Pistachios (ACP): http://www.acpistachios.org/acpcontact.htm
- USDA-AMS Laboratory Approval Service – Aflatoxin Program

Extension of the Temporary MRL for Fosetyl

The 75 mg/kg temporary MRL for almonds, pistachio's, walnuts, cashew nuts, hazelnuts, and macadamias was extended until March 1, 2019 by Commission Regulation (EU) 2016/75. The extension was granted on basis of an anticipated timeline for the submission for an import tolerance, initiated by the U.S. tree nut industry. U.S. residue trials and data analysis have been completed. The subsequent submission of the application for an import tolerance is on track with the original timeline.

Maximum Levels for Contaminants in Food
Commission Regulation (EC) No 1881/2006 establishes maximum levels for certain contaminants.

If you would like to read more on the subject, the European Commission's web page on contaminants provides further specific information on contaminants in general, and Plant Toxins and mycotoxins and aflatoxins in particular.

Author Defined:

Related Reports

Report Number	Title	Date Released
E16001	USEU – New EU MRL for Fosetyl Takes Effect	01/04/2016
GM15038	Germany Product Brief – Dried Fruits and Nuts	12/09/2015
IT1577	Italy Tree Nuts Annual	11/23/2015
SP1531	EU-28 Tree Nuts Annual	09/22/2015
These reports can be accessed through the FAS GAIN Reports website		