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France

Tree Nuts

Annual

2007

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Report Highlights:

The French walnut harvest fell significantly in 2007 due to adverse weather conditions. As a result, imports in MY 2007/08 are expected to rise and exports to be sluggish. However, France is expected to remain a net exporter of walnuts, mainly in-shell products sold to European markets. Since MY 2003/04, French exports of these products have risen dramatically, with Spain and Germany as primary markets. Moldova remained France's largest supplier of shelled products (much of these being of French origin), while India and China, respectively, were France's second and third largest suppliers of shelled walnuts in MY 2006/07.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Paris [FR1]
[FR]

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Executive Summary

Preliminary estimates are that French walnut production declined significantly from 41,000 MT in 2006 to 26,000 MT in 2007. The primary producing regions (Grenoble in eastern France and Perigord in western France) were negatively affected by adverse conditions, i.e., mild winter and lack of water in 2007. This contrasts with the harvest in 2006, which was abnormally high. Consequently, French imports are expected to increase and exports to decline in MY 07/08. Thus, French exports will fall short of meeting international demand (Eastern European countries and China have reduced exports due to increased domestic consumption). Due to short supplies, walnut prices are increasing in France, also triggered by the larger average grades harvested this year.

In MY 2006/07, France remained a net exporter of walnuts, sending primarily in-shell walnuts to Spain and Germany. The majority of French imports are shelled walnuts, primarily from Moldova, (a significant portion of the French harvest is shelled in Moldova and re-imported to France as shelled product), India and China.

Production

Walnut production includes roughly 2,000 MT in-shell fresh walnuts sold in September and October, 7,000-8,000 MT in-shell dried walnuts, and 11,000-12,000 MT shelled walnuts. Shelled walnuts are used in industrial food processing (60 percent), specialty food processing (30 percent), or sold at retail outlets (10 percent).

Walnut production is mainly located in southwest and southeast regions of France. 85 percent of walnut production is located in the south west and south east parts of the country. Walnut varieties produced in France are the following:

- Franquette represents 80-90 percent of the French walnut orchards,
- Corne, Marbot and Grandjean are specific to the southwestern region,
- Mayette and Parisienne are specific to the southeastern region,
- Lara and Fernor are less common but their production has been growing.

There are 2 appellations of origins (AOC) labels for high quality walnuts in France: "Noix de Grenoble" since 1938 and "Noix du Périgord" since 2002. Nuts marketed under these appellations are grown in specified areas: Walnuts sold as "Noix de Grenoble" are grown in the southeastern producing regions, while walnuts sold as "Noix du Périgord" are grown in the southwestern producing regions.

Southeastern Production: walnuts eligible for the AOC origin logo "Noix de Grenoble" are grown in a specific area that covers three "départements" (administrative areas): Drôme, Isère, and Savoie. The varieties eligible for this AOC are Franquette, Mayette, and Parisienne.

Southwestern Production: the AOC origin logo "Noix du Périgord" first appeared in 2002 for walnuts grown in a specific area covering 4 "départements" (administrative regions): Dordogne, Lot, Corrèze, and Charente. Four varieties will be eligible for this AOC: Franquette, Corne, Marbot, and Grandjean. Three products will be eligible for the AOC: fresh walnuts (30 percent humidity), dried in-shell walnuts, and shelled walnuts prepared by hand.

Consumption

Total walnut consumption in the PS&D includes stocks differential (since there are no data available for stocks) and human consumption. Walnut consumption categories reflect the

diversity of consumption uses, including snacking and home cooking, by-products consumption, such as walnut oil, and shelled walnuts used as ingredients in the pastry, bakery and cheese industries for example.

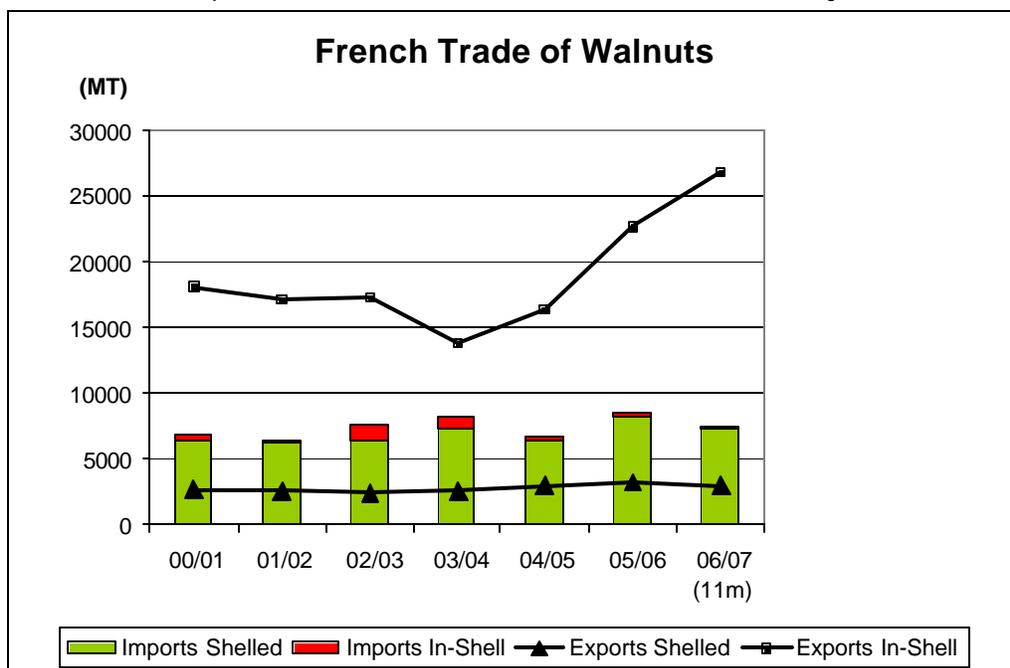
French households are estimated to purchase approximately 7,000-9,000 MT of in-shell walnuts, (including 2,000 MT fresh and 7,000 MT dried), and 6,000 MT shelled walnuts per year. The French per capita consumption of walnuts is 150 grams of in-shell walnuts and 200 grams of shelled walnuts. In-shell walnuts are mainly consumed during the fall (mainly in November and December) and in winter. However, there is no seasonality for shelled walnut consumption.

Most of the southeastern production (roughly 75 percent) is for the in-shell walnut market, while more than half of the southwestern production goes to the shelled walnut market segment. Overall, large grades are for the in-shell walnut market, while smaller grades are for the shelled walnut market.

Trade

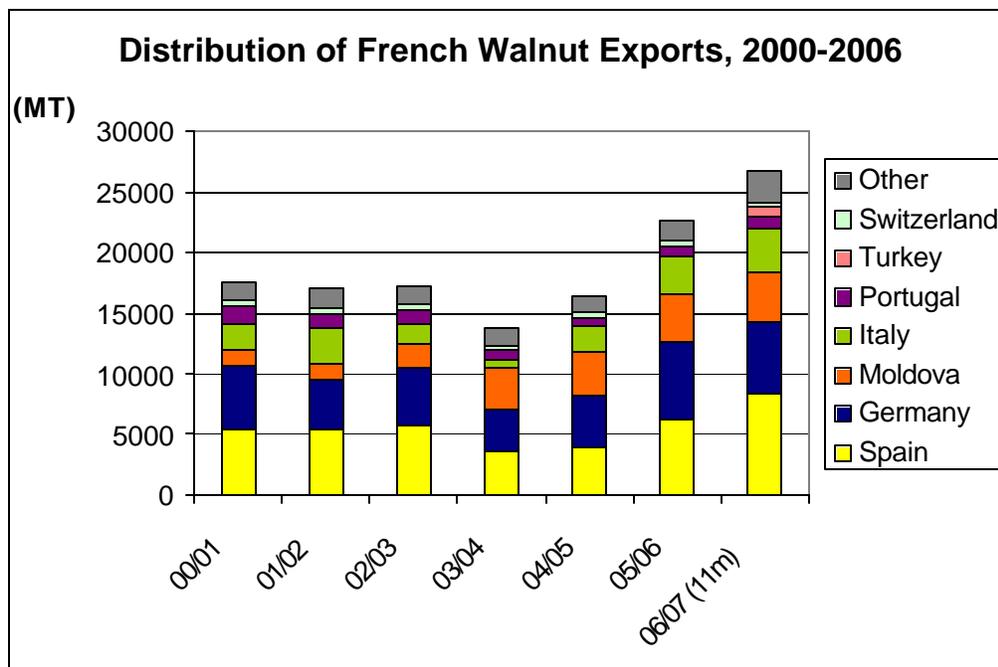
France is a net exporter of walnuts, and exports principally to European countries. French and U.S. walnuts compete for these markets. Most of France’s exports consist of in-shell walnuts, while the bulk of French imports are shelled walnuts. GTA/Eurostat data used to prepare the following trade matrices indicate that Moldova is a country where French walnuts are exported in-shell, and then re-imported shelled for industrial use.

The graph below indicates that while French imports have remained relatively stable since 2000, French exports of in-shell walnuts have risen dramatically since 2003/04.



Source: GTA/Eurostat

As shown below, Spain and Germany have not only been the primary markets for French exports of in-shell walnuts but have been the fast growing markets since MY 03/04 for this product. French exports to Italy have also grown significantly over the same time period.



Marketing

While the in-shell large grade, high quality and high-priced walnut market segment is dominated by walnuts sold under the origin logos "Noix du Périgord" and "Noix de Grenoble", the shelled walnut market segment including the walnut pieces segment, represent an opportunity for U.S. walnuts.

The 6,000 MT of shelled walnuts annually purchased by French households are principally sold by supermarket chains as a cooking ingredient more than as a snacking product. However, the market for snacking walnuts has increased significantly over the past few years. Innovatively packaged shelled walnuts for snacking could be a good way into the French market for U.S. shelled walnuts. Another marketing opportunity for U.S. walnuts is shelled walnuts or walnut pieces used in bulk by the French food processing industry. For example, there are more and more U.S.-type cookies and pastry (brownies, muffins) sold on the French market and U.S. walnuts may be used as ingredients in these, either in ready-made products or in cooking mixes to be prepared at home.

The main importer of U.S. walnuts in France is:

SAISOF
 28/31, rue des investisseurs
 ZA Ouest Plaine Haute
 91580 Crosne
 tel: (33-1) 69 83 88 30
 fax: (33-1) 69 83 88 18
saisof@aol.com

Statistical Tables

PSD Table									
Country	France								
Commodity	Walnuts, Inshell								
	Basis								
	2005			2006			2007		
	Revised	Estimate	Post	Estimate	Post	Estimate	Forecast	Post	Estimate
Market Year Begin	USDA Official	Post Estimate	USDA Official	Post Estimate	Post Estimate				
		10/2005	10/2005	10/2006	10/2006	10/2006		10/2007	10/2007
Area Planted	31400	31400	31400	35000	35000	35000	0	35000	35000
Area Harvested	15950	15950	15950	20000	20000	20000	0	20000	20000
Bearing Trees	1600	1600	1600	1600	1600	1600	0	1600	1600
Non-Bearing Trees	450	450	450	450	450	450	0	450	450
Total Trees	2050	2050	2050	2050	2050	2050	0	2050	2050
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	33000	33000	33000	41000	41000	41000	0	38000	26000
Imports	16666	16666	16666	12000	12000	15300	0	13000	18000
Total Supply	49666	49666	49666	53000	53000	56300	0	51000	44000
Exports	29133	29133	29133	32000	32000	33900	0	30000	25000
Domestic Consumption	20533	20533	20533	21000	21000	22400	0	21000	19000
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	49666	49666	49666	53000	53000	56300	0	51000	44000

Sources: French Ministry of Agriculture and Fisheries, GTA/Eurostat

The following tables include French trade data for in-shell and shelled walnuts, which were used to prepare the general trade matrices for in-shell statistics on the previous page.

They are based on 11-month MY, since the most recent data available to prepare this report was for August 2007.

French exports of in-shell walnuts (08023100), MT, product weight:

Countries	MY 05/06	Oct/Aug 05/06	Oct Aug 06/07
Total	22,669	21,935	26,800
Germany	6,510	6,349	5,931
Spain	6,157	6,056	8,392
Moldova	3,856	3,705	3,950
Italy	3,199	3,173	3,749

French imports of in-shell walnuts (08023100), MT, product weight:

Countries	MY 05/06	Oct/Aug 05/06	Oct Aug 06/07
Total	400	373	274
U.S.	94	73	37
Spain	253	252	166

French exports of shelled walnuts (08023200), MT, product weight:

Countries	MY 05/06	Oct/Aug 05/06	Oct Aug 06/07
Total	3,232	2,954	2,909
U.S.	0	0	0
Germany	1,351	1,214	1,292
Switzerland	541	510	419
Spain	290	285	276
Italy	156	140	215
Netherlands	153	138	200
Belgium	175	156	145
Luxemburg	214	193	81
Portugal	101	97	39

French imports of shelled walnuts (08023200), MT, product weight:

Countries	MY 05/06	Oct/Aug 05/06	Oct Aug 06/07
Total	8,133	7,917	7,281
U.S.	99	43	63
Moldova	4,799	4,798	4,077
India	283	271	1,162
China	365	294	614
Ukraine	1,553	1540	394
Spain	261	229	209
Hungary	184	184	164
Slovakia	171	173	103

Export Trade Matrix			
Country	France		
Commodity	Walnuts, Inshell Basis		
Time Period	Oct-Sept	Units:	MT, in-shell basis
Exports for:	2006		2007
U.S.		U.S.	3
Others		Others	
Germany	8777	Spain	8944
Spain	6626	Germany	8515
Moldova	3729	Italy	4179
Italy	3453	Moldova	3950
Switzerland	1579	Switzerland	1380
Portugal	1009	Portugal	1077
Belgium	707	Netherlands	788
Denmark	520	Belgium	677
Netherlands	449	Turkey	635
Luxemburg	428	Denmark	482
Total for Others	27277		30627
Others not Listed	563		1988
Grand Total	27840		32618

Import Trade Matrix			
Country	France		
Commodity	Walnuts, Inshell Basis		
Time Period	Oct/Aug	Units:	MT, in-shell basis
Imports for:	2006		2007
U.S.	159	U.S.	163
Others		Others	
Moldova	9596	Moldova	8154
Ukraine	3080	India	2324
Spain	710	China	1228
China	588	Ukraine	788
India	542	Spain	584
Hungary	368	Hungary	328
Slovakia	346	Slovakia	206
Netherlands	193	Austria	106
Austria	136	Italy	93
Romania	92	Germany	80
Total for Others	15651		13891
Others not Listed	397		782
Grand Total	16207		14836

Source: French Customs, through GTA