



Scheduled Report - public distribution

Date:8/4/1999

GAIN Report SP9044

Spain

Tree Nuts

Almonds and Filberts

1999

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Report Highlights:

Due to better growing conditions, Spain's 1999/00 almond and filbert crops are forecast to be vastly improved compared to the previous year. As a result of the expectations for greater domestic supplies, imports are forecast to decline and exports to increase. Nevertheless, U.S. almond exports are expected to remain strong.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Madrid [SP1], SP

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Executive Summary

Spain's 1999/2000 almond production is forecast at 67,000 metric tons, which would be more than double the previous year. The higher crop is due to better growing conditions, particularly low temperatures that contributed to late blooming and timely rains during the growing period. Due to the good setting, almonds size is reportedly smaller than average. Almond exports during the first 7 months of 1998/99 were 26 percent below the previous year, and total 1998/99 exports are expected to decline. However, as a result of higher crop expectations, exports are forecast to increase significantly in 1999/2000. Reflecting domestic production, imports are expected to decrease in 1999/2000. The dry weather in Southern Spain has affected the condition of almond trees, and rain during the fall of 1999 will be crucial to the future productivity for many almond production areas in southern Spain.

The 1999/2000 filbert crop is forecast at 30,000 tons, which would be a dramatic increase from the previous year and 58 percent higher than the 1997/98 record crop of 18,900 tons. The expected increase is attributed to the normal fluctuation in the production cycle of the orchards and to favorable growing conditions. As a result of the record crop expectations, 1999/2000 imports are expected to decrease while exports are forecast to increase.

While consumption of both types of nuts remains relatively stable, demand is forecast to be slightly higher in 1999/2000 as a result of expectations for lower prices.

NOTE: The conversion rate used for almonds, in shell to shelled is 1 = 0.27. Conversion rate for filberts, kernel to in shell: 1 = 2.2

Current exchange rate is approximately 158 pesetas/\$1; 1 EURO/\$1.046.

Production

Almonds

Due to good growing conditions, the 1999/2000 almond crop is forecast to increase to 67,000 tons. Based on 1996 official data, the latest data available, crop area is estimated at about 640,000 hectares, with just over 600,000 hectares being harvested. Only about 45,000 hectares are irrigated, so rainfall is crucial to the level of output. Marcona, Desmayo Langueta, Desmayo Rojo, are still the most important almond varieties, presently comprising about 55 - 65 percent of total Spanish almond production. Reportedly, the kernel size of the 1999/2000 almond crop is expected to be small, due to the good setting and dry weather in southern Spain.

Below is estimated almond area by region.

Region	Hectares
Aragon	62,854
Catalonia	68,794
Balearic Islands	60,155
Castilla-La Mancha	38,375
Valencia	123,536
Murcia	75,994
Andalucia	189,285
Other	20,731
TOTAL	639,724

Producer prices in 1998 for in-shell almonds averaged 139.08 pesetas per kilogram (128.04 pesetas in 1997) and ranged in price from 155.76 to 114.51 pesetas per kilogram, depending on variety, area of production and time of the year. Given the shorter crop expectations, prices in 1999/2000 are expected to decline.

Hazelnuts

Due to normal fluctuations in the production cycle of orchards as well as favorable weather conditions in most filbert producing areas, filbert production is forecast to increase dramatically in 1999/2000. At 30,000 tons, in-shell basis, output is expected to be triple the previous year. Filbert area is relatively stable, with crop area estimated at about 29,000 hectares, of which 21,997 is estimated to be in production. Just under half (43%) of the area is irrigated. The major filbert producing region in Spain is Catalonia, with approximately 95 percent of total production. Within this autonomous region, Tarragona produces about 88 percent of the total, and the rest in Gerona and Barcelona. Negreta is the principal variety of filbert grown in Spain, comprising nearly 80 percent of total production. Producer prices in 1998 for filberts averaged 239.95 pesetas per kilo (242.43 pesetas/kilo in 1997), and ranged between 214 and 400 pesetas per kilogram.

Consumption

Almonds

As a result of higher total supply expectations and lower prices, consumption is forecast to increase slightly in 1999/2000. The confectionery industry is currently believed to account for about 70 to 80 percent of domestic consumption, and most of the balance is consumed as snacks. The nougat industry is a major consumer of almonds in Spain. Almond consumption increases slightly during the Christmas period, together with other nuts, mainly because that is the time of the year when nougat is consumed.

Hazelnuts

Higher total supply is expected to result in higher consumption in 1999/2000. The bulk of the filbert crop is consumed in-shell. The confectionery and chocolate industries use about 60 - 70 percent of domestic supplies. Filberts are also used for snacks, and are often marketed in the form of snack packs.

Trade

Almonds

Spanish almond exports during the first seven months (September-March) of 1998/99 were 25,619 metric tons, down 26 percent from the same period of the previous marketing year (34,309 metric tons). Total exports are expected to reach 34,000 tons during the 1998/99, about 34 percent below the previous year. Total exports during calendar year 1998 were 43,212 tons, 3 percent below the previous year. Other EU countries were the major destinations, representing about 90 percent of export markets. Exports during the current 1999/2000 campaign are expected to increase again at about 50,000 tons, due to the higher crop.

Imports are estimated to have increased in 1998/99, due to the shorter domestic crop. Total imports during the period September 1998-March 1999 totaled 14,607 tons, shelled basis (13,159 tons same period a year earlier), of which 11,313 tons were imported from the U.S. Almond imports during 1999/2000 are expected to be lower due to the higher expected crop. Total Spanish almond imports in calendar year 1998 were 24,281 tons, of which 21,596 tons came from the U.S. This is an increase of 45 percent from the previous year, when total almond imports were 16,702 tons (13,659 from the U.S.)

Two tariff categories for sweet almonds are listed in the Integrated Tariff of the European Union (TARIC), which was implemented on January 1, 1988 and updated August 10, 1993. These categories are, 0802.11.90.0 and 0802.12.90.0. Almond imports from third countries are subject to an import duty of up to 7 percent, although a duty rate of 2 percent is applicable within the limits of a global EU annual tariff quota of 90,000 tons. Imports from EU countries are duty free. As is the case with locally produced food products, a 7 percent Value Added Tax is imposed on almond imports.

Hazelnuts

With shorter domestic supplies available, exports during 1998/99 are estimated to have decreased about 50 percent. Exports during the first seven months of the 1998/99 crop totaled 3,594 tons, in-shell basis. During 1999/2000, hazelnut exports are expected to increase as a result of the larger domestic crop. Exports in calendar

year 1998 totaled 7,316 metric tons in-shell basis, a dramatic decrease in comparison with exports in 1997 of 11,343 tons.

Imports during the period September 1998-March 1999 totaled 7,027 tons, a 37 percent increase relative to the previous marketing year. In 1999/2000, imports are forecast to decline due to the larger domestic crop. Spanish filbert imports in calendar year 1998 totaled 9,957 tons, about 8 percent higher than 1997. Turkey was by far the major supplier with 7,506 tons. U.S. exports to Spain totaled 553 tons, representing a slight decrease 1997.

Two tariff categories for filberts are listed in the Integrated Tariff of the European Union (TARIC), as follows: 0802.21.00.0 and 0802.22.00.0. Filbert imports from third countries are subject to payment of a 4 percent import duty, plus the corresponding 7 percent Value Added Tax. Imports from EU countries are duty-free.

Policy

While there is no price support program for tree nuts, EU Regulation 2145/91 established an "improvement" program that is implemented in both Spain's almond and hazelnut sectors. This program, implemented in 1991, will end in 2000. As part of the program, up to 475 ECU/hectare can be provided to plant improved varieties appropriate for each specific producing area. Producer organizations are very concerned about the impending end of this program, and during June-July 1999, several industry representatives the Minister of Agriculture to request the continuation of these aids beyond the year 2000.

Marketing

Almonds

The U.S. continues to be the dominant foreign supplier of almonds in Spain, accounting for about 88 percent of total imports. Nevertheless, due to this year's larger almond production in Spain, an increase in U.S. almond exports is not expected in 1999/2000. U.S. almonds are generally preferred by slice and flour processors because of their uniformity and low breakage. However, nougat manufacturers reportedly prefer Spanish almonds to U.S. almonds as it is claimed that U.S. almonds have less flavor and less oil content and can only be used for nougat/marzipan. A few shipments of U.S. almonds were rejected in 1998 and 1999 due to samples taken at customs showing aflatoxin content higher than the EU tolerance level. Following these positive tests, Spain's customs authorities temporarily implemented a 100 percent hold and test policy on all U.S. shipments. Except for the rejected shipments that led to the action, the test and hold policy had little impact on U.S. imports.

Hazelnuts

U.S. filbert supplies represent about 5 percent of Spain's total hazelnut imports. U.S. suppliers continue to face stiff competition from lower-priced supplies from Turkey, which supplies about a 75 percent of total imports. Nevertheless, large, good quality U.S. hazelnuts continue to have potential for growth. All Turkish hazelnuts imported in Spain are shelled, while U.S. imports of hazelnuts are in-shell basis.

Tables

Production, Supply & Distribution - Almonds, Shelled

Country	Spain					
Commodity	Almonds, Shelled Basis		(HA) (MT)			
	Revised	1997 Preliminary	1998	Forecast	1999	
	Old	New	Old	New	Old	New
Market Year Begin		09/1997		09/1998		09/1999
Area Planted	619	630	620	640	620	640
Area Harvested	596	600	600	600	600	600
Beginning Stocks	8,500	4,000	10,500	7,000	3,500	1,000
Production	75,000	75,000	30,000	30,000	67,000	67,000
Imports	15,000	25,800	27,000	30,000	20,000	20,000
TOTAL SUPPLY	98,500	104,800	67,500	67,000	90,500	88,000
Exports	36,500	50,800	31,000	34,000	52,000	50,000
Domestic Consumption	51,500	47,000	33,000	32,000	35,000	35,000
Ending Stocks	10,500	7,000	3,500	1,000	3,500	3,000
TOTAL DISTRIBUTION	98,500	104,800	67,500	67,000	90,500	88,000

Import Trade Matrix - Almonds, Shelled

Country	Spain			
Commodity:	Almonds, Shelled Basis			
Time period	Calendar Year	Units:	Metric Tons	
Imports for:	1997		1998	
U.S.	13,659	U.S.	21,596	
Others		Others		
EU Countries	2,198	EU Countries	2,192	
Iran	315	Australia	116	
Australia	220			
Total for Others	2,733		2,308	
Others not Listed	310		377	
Grand Total	16,702		24,281	

Export Trade Matrix - Almonds, Shelled

Country	Spain		
Commodity	Almonds, Shelled Basis		
Time period	Calendar Year	Units:	Metric Tons
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Germany	15,551	Germany	16,852
France	8,545	France	7,902
Italy	8,054	Italy	7,404
Belgium	2,390	Belgium	2,457
Other EU	6,641	Other EU	6,009
Switzerland	1,601	Switzerland	1,060
Total for Others	42,782		41,684
Others not Listed	1,474		1,528
Grand Total	44,256		43,212

Production, Supply & Distribution - Filberts, In-shell

Country	Spain					
Commodity	Filberts, Inshell Basis (HA)(MT)					
	Revised	1997 Preliminary		1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		09/1997		09/1998		09/1999
Area Planted	32	29	29	29	29	29
Area Harvested	29	22	22	22	22	22
Beginning Stocks	1,000	1,000	0	0	0	0
Production	16,000	16,000	10,000	10,000	0	30,000
Imports	8,800	8,800	12,000	10,000	0	5,000
TOTAL SUPPLY	25,800	25,800	22,000	20,000	0	35,000
Exports	11,800	11,800	8,000	6,000	0	15,000
Domestic Consumption	14,000	14,000	14,000	14,000	0	15,000
Ending Stocks	0	0	0	0	0	5,000
TOTAL DISTRIBUTION	25,800	25,800	22,000	20,000	0	35,000

Import Trade Matrix - Filberts, In-shell

Country	Spain		
Commodity	Filberts, Inshell Basis		
Time period	Calendar Year	Units:	Metric Tons
Imports for:	1997		1998
U.S.	634	U.S.	553
Others		Others	
Turkey	6,272	Turkey	7,506
Italy	1,540	Italy	1,034
Other EU Countries	539	France	251
Azerbaijan	217	Other EU Countries	238
Total for Others	8,568		9,029
Others not Listed	2		375
Grand Total	9,204		9,957

Export Trade Matrix - Filberts, In-shell

Country	Spain		
Commodity	Filberts, Inshell Basis		
Time period	Calendar Year	Units:	Metric Tons
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Germany	4,631	Germany	2,048
France	2,545	Czech Republic	1,113
Czech Republic	1,498	Italy	1,012
Poland	1,155	France	816
Other EU Countries	505	Other EU Countries	828
		Venezuela	330
Total for Others	10,334		6,147
Others not Listed	1,009		1,169
Grand Total	11,343		7,316