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Guatemala

Tree Nuts

Macadamia

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Report Highlights:

The macadamia nut industry in Guatemala is increasing, both in production and exports. Producer/processor/exporters expect that the industry will grow around 20 percent annually for the next five

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Guatemala City, Guatemala

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Executive Summary

Guatemala's macadamia nut production increased 12 percent in 1998 in comparison to 1997. In 1999, nut production is expected to increase 25 percent and this trend is expected to continue and perhaps accelerate in the next five years as new plantings begin bearing fruit and the number of trees mature.

Since Asia is a big market for macadamia, the Asian crisis precipitated a substantial drop in the kernel prices. Sale price FOB dropped from \$4.50/lb in 1997 to \$3.50/lb in 1998. In 1999 prices are expected to remain steady at \$3.50/lb.

Guatemala's nut production for 1998 is estimated at 2800 MT (wet-in-shell basis). Production in 1999 is forecast to increase to 3500 MT (wet-in-shell basis). During 1998, neither the El Niño phenomenon or Hurricane Mitch had a detrimental impact on nut production. In 1998, average yields were 2.32 MT/Hectare a slight increase from the 1997 yield of 2.27 MT/Hectare. In 1999, average yields are expected to increase to 2.76 MT/Hectare.

Guatemala's macadamia nut exports for 1998 reached 2775 MT (wet-in-shell basis), up from the 1997 production of 2507 MT (wet-in-shell basis). In 1998, 2232 MT (wet-in-shell basis) were exported to U.S. and the rest was distributed between Germany, Taiwan, Canada and England. Increases in exports and production compensate for decreases in price, leaving processors and producers in good shape for 1998. It is expected that the same trend will follow for 1999.

Guatemala's macadamia nuts are exported at 1.0 to 1.5 percent humidity levels. Macadamia kernels are vacuum packed in 25 pound bags for export. There are no policies that subsidize or encourage exports. There are two producer/processor/exporter companies in Guatemala, both companies are planning to continue to increase exports as well as production. In 1998, 90 percent of production was kernel and 10 percent a finished good. For 1999 it is expected that 65 percent of production will be kernel and 35 percent a finished good. A new trend in the macadamia industry is the diversification to macadamia by-products such as oils, cosmetics and confitures, a market that locally is expected to increase 500 percent next year and within the next year will penetrate the foreign market.

Production

PSD Table						
Country:	Guatemala					
Commodity:	Macadamia, Inshell Basis					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Area Planted	3300	3300	3400	3400	0	3570
Area Harvested	1100	1103	1208	1208	0	1269
Bearing Trees	175	175	185	185	0	195
Non-Bearing Trees	330	330	345	345	0	360
Total Trees	505	505	530	530	0	555
Beginning Stocks	120	120	105	105	0	110
Production	2400	2507	2745	2800	0	3500
Imports	100	0	0	0	0	0
TOTAL SUPPLY	2620	2627	2850	2905	0	3610
Exports	2485	2507	2735	2775	0	3475
Domestic Consumption	15	15	15	20	0	25
Ending Stocks	120	105	100	110	0	110
TOTAL DISTRIBUTION	2620	2627	2850	2905	0	3610

The Guatemala nut crop for 1998 is estimated at 2800 MT (wet-in-shell basis) up by around 12 percent from the 1997 production of 2507 MT (wet-in-shell basis). In 1999, production is forecast to increase to 3500 MT (wet-in-shell basis). Since no official data are available, the PS&D table was developed using data obtained from industry representatives. The conversion factor utilized to convert from wet-in-shell basis to shelled kernel is 19 percent.

In 1998, the El Niño phenomenon didn't affect the macadamia industry and diseases were present at a lower than normal level, unlike 1997 where disease presence was extensive due to unusual rain patterns in some macadamia areas. Average yields for 1998 are estimated at 2.32 MT/Hectare, up from 1997's of 2.27 MT/Hectare. Increases in yields are mainly due to good agricultural practices and management. In 1999, average yields are expected to increase even further to 2.76 MT/Hectare. Production is expected to increase at a 20 percent or higher rate annually for the next five years as new plantings begin bearing fruit, new trees are planted and older trees mature.

Guatemala's planted area for macadamia nuts during 1998 is estimated at 3400 hectares, of which 1208 hectares were harvested. Planted area for 1999 is expected to increase to 3570 hectares as new trees are planted. Harvested area is expected to increase to 1269 hectares as new trees begin bearing fruit. Planted area and harvested area vary since many plantations are not yet in production due to new trees planted.

The majority of macadamia plantations in Guatemala are at intermediate elevations along the Pacific slope, in

the departments of Sacatepequez, San Marcos, Quetzaltenango, Suchitepequez, Santa Rosa, Huehuetenango, Solola, Alta Verapaz and some in Quiche. Guatemalan macadamia nuts are harvested throughout the year, but peak months are May, June, July and August. Flowering begins between late August and early September but most flowering occurs during the months of October, November and December.

There are two significant producer/processor/exporter companies in Guatemala, Nueces del Pacifico which accounts for about 35 percent of the Guatemalan macadamia nut export market and Agronomicas de Guatemala which accounts for 65 percent of the market. They purchase macadamia nuts from individual producers for processing and export to other countries. There are over 100 macadamia producers in the country, ranging from small to large plantations. Most of the macadamia production is intermixed with other crops such as bananas, plantains, beans etc. but according to producers most of it is now being intermixed with coffee as shade for the coffee plant. With coffee prices in somewhat of a slump, farmers are turning to macadamia production and yield improvements to compensate for the loss in income. A couple of years ago coffee prices were high and many coffee producers invested in improved agricultural practices in coffee plantations so they do not have to invest much more on agricultural inputs to improve macadamia production.

Macadamia processors divide the shelled nuts according to their size and appearance. The initial grading of kernels for size and color is done by machine, with a final classification conducted by hand. Classification table follows:

Style 1 - large whole kernels
Style 2 - 90% large kernels 10% halves
Style 3 - 50% whole kernels 50% halves
Style 4 - halves
Style 5 - large to medium nut pieces
Style 6 - medium to small nut pieces
Style 7 - small nut pieces
Style 8 - powder

Consumption

Macadamia consumption in Guatemala continues to be at a low level because of high market prices and lack of consumer awareness. Most of the Guatemalan population are not familiar with macadamia nuts and their uses, but that is starting to change. The brand John Macadam has found acceptance for macadamia by-products such as oils, cosmetics and confectioneries as well as processed nuts, creating a niche market for macadamia. Local retail prices for macadamia range from \$6.50 to \$11.00 bottled/pound. In 1998, Guatemala consumed 20 MT of wet-in-shell macadamia nuts, up from the 1997's 15 MT of wet-in-shell macadamia nuts. In 1999, it is forecasted that 25 MT of wet-in-shell macadamia nuts will be consumed locally.

Traditionally, most macadamia nuts in Guatemala were consumed as snacks. Nowadays, Plantaciones Nuez del Pacifico, which sells under the John Macadam brand is marketing and selling cosmetic macadamia by-products, oils and confectionery in addition to the traditional bottled snacks. John Macadam processed macadamia nuts are placed in jars and are being sold in grocery stores. In addition, Plantaciones Nuez del Pacifico is currently manufacturing for the Roland brand out of New York. Plantaciones Nuez del Pacifico, is using the remaining macadamia powder from the oil extraction to process healthy granola bars in order to produce a healthy snack for schools and the military.

Trade

Export Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:	Marketing Year		
Exports for	1997		1998
U.S.	2,029	U.S.	2,232
Others		Others	
Germany	239	Germany	263
Japan	239	Taiwan	150
		Canada	80
		England	50
Total for Others	478		543
Others not listed			
Grand Total	2507		2775

Macadamia nut exports for 1998 reached 2775 MT (wet-in-shell basis), over a 10 percent increase from 1997 exports of 2507 MT (wet-in-shell basis). In 1998, exports to the U.S. were 2232 MT. In 1999, 3475 MT (wet-in-shell basis) are forecast to be exported. In 1998, 90 percent of exports were on a shelled kernels basis and 10 percent as finished goods. In 1999, 30 percent of exports are expected to be on shelled kernels basis and 70 percent as finished goods. Guatemala's macadamia nuts are exported at 1.0 to 1.5 percent humidity levels. Macadamia kernels are vacuum packed in 25 pound bags for export. There are no export policies that subsidize or encourage exports.

The average macadamia kernel export FOB price during 1998 was US\$ 3.50/pound, a decrease from the average price for 1997 of US\$ 4.50/pound. In 1999, the average price is expected to continue steady at US\$ 3.50/pound. According to the two exporting companies, Guatemala is planning to continue increasing its exports in general but especially to the U.S. at a rate of around 20 percent annually for the next five years. Producers are receiving technical assistance from both exporting companies in order to improve the Guatemalan macadamia nut quality.

Stocks

Guatemala does not hold large volumes of macadamia nuts in stock because most are exported immediately. Ending stocks for 1998 were 110 MT (wet-in-shell basis), a slight increase from the ending stocks for 1997 of

105 MT (wet-in-shell basis). This increase is mainly due to an increase in the revised data for production.

In 1999, ending stocks are forecast to remain steady at 110 MT (wet-in-shell basis). Macadamia nuts in stock are owned by exporters.

Policy

The Guatemalan Government has no policies of subsidies or assistance to producers or exporters. However, the Ministry of Agriculture and the Guatemalan Coffee Association encourage coffee producers to utilize macadamia nut trees as shade for coffee plants to help the environment and at the same time help farmers to diversify their agricultural practices and sources of income.

Marketing

Plantaciones Nuez del Pacifico which is represented by the John Macadam brand in the last year has been penetrating new niche markets with different macadamia by-products such as oils, cosmetics and confectionery. So far, John Macadam has been testing the local market and in 1999 they are planning to penetrate the foreign market. The local market represents monthly sales of US\$6000 and they expect that for next year they will have turnover of 5 times the current sales. In 1997, 6 MT were consumed locally, for 1998 consumption was 20 MT. In 1999, 50 MT are expected to be consumed.