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Spain

Tree Nuts

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Report Highlights: Spain's health ministry will likely play an important roll regarding the prospects for U.S. almond exports to Spain during this year's campaign, should the European Commission (EC) impose the currently-threatened almond inspection regime.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Madrid [SP1]
[SP]

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Executive Summary

As a result of an EC phytosanitary audit of the California almond industry, the EC has proposed that all California almond exports to Europe be inspected at the port of entry, unless the U.S. shipper is registered and participating in the California Voluntary Aflatoxin Sampling Program (VASP). It is our understanding that European Union (EU) Member States (MS) had an opportunity to preview and discuss the EC-proposed measures in January and are now expected to take a definitive vote on the measures, and the pace of implementation by the end of the first week in February 2007. All indications are that the MSs are in favor of implementing the proposed inspection scheme, but prefer to implement as prudently as possible so as not to overly disrupt trade.

When the inspection measures are imposed, the Spanish Ministry of Health and the Mediterranean Autonomous Regional health ministries will likely be called upon to substantially increase inspection of California almonds. Reportedly, the local and national inspection services generally view this as a California-industry problem, and are betting that U.S. almond exporters will all sign up under the VASP program, thus limiting inspections to five percent of exports. However, it is our forecast that roughly half of the almonds to be shipped from California to Spain during this marketing campaign will likely come from U.S. exporters that may not be in position to participate in the VASP, and, if correct, this has the potential to tremendously burden the Spanish inspection system.

Spanish almond importers are certainly not of a mind to accept long delays to receive California almonds, especially during the especially busy months of August, September, and October. They will, without doubt, be active protecting their business interests, not the least of which include almond-product markets here in Europe that they have developed over the years. As a result, once the EC has implemented increased inspection, and it is clear which, and how many U.S. exporters can participate under VASP, they will likely attempt to moderate potential inspection delays. Among the many options available, they will likely pressure the Spanish health ministry to speed and generally improve inspection procedures, may shift some of their imports to VASP-qualified exporters, may attempt to buy additional locally-produced almonds, will certainly draw down stocks, may attempt to import California almonds earlier than otherwise planned and/or may be interested in changing the terms of contracts so that higher aflatoxin limits apply, thus potentially reducing chances for a second or third laboratory analysis of the almond samples.

However, despite all efforts to accommodate California imports, we believe that this unprecedented EC action, with respect to putting an entire U.S. food exporting sector under phytosanitary "alert," will have a limiting effect on California almond exports to Spain during this campaign vis-à-vis marketing year (MY) 2005 exports. As a result, we are modestly decreasing our Spanish almond import forecast for this campaign, when compared to last year's imports.

Regarding Spanish almond production, Spain's Ministry of Agriculture (MAPA) is still estimating MY 2006 production at 82,600 metric tons (MT), almost 20 thousand MT above last year's production. Spanish almond-product exporters and farmer associations reportedly consider the estimate extremely optimistic, and place their forecasts between 55,000 MT and 65,000 MT, citing weather-related problems during the year. We continue to estimate production at 68,000 MT, but remain interested in further MAPA evaluations, because, especially this year, the actual crop is extremely relevant regarding potential California exports.

Commodity Name: Almonds, Shelled

	USDA Official	Post Estimate	New Post Estimate	
Marketing Year Begin	Revised	09/2005	09/2005	MM]/[YYYY
Area Planted	660,000	641,700	728,613	(HA)
Area Harvested	641,700	660,000	660,461	(HA)
Beginning Stocks	5,182	5,182	5,667	(MT)
Production	61,000	63,485	63,485	(MT)
Imports	40,000	42,000	49,245	(MT)
Total Supply	106,182	110,667	118,397	(MT)
Exports	50,000	51,000	59,397	(MT)
Doms Consumption	52,000	54,000	53,000	(MT)
Stocks	4,182	5,667	6,000	(MT)
Total Distribution	106,182	110,667	118,397	(MT)
Marketing Year Begin	Estimate	09/2006	09/2006	MM]/[YYYY
Area Planted	660,000	641,700	728,613	(HA)
Area Harvested	641,700	600,000	660,461	(HA)
Beginning Stocks	4,182	5,667	6,000	(MT)
Production	65,000	68,000	68,000	(MT)
Imports	37,000	40,000	44,000	(MT)
Total Supply	106,182	113,667	118,000	(MT)
Exports	51,000	54,000	61,000	(MT)
Doms Consumption	52,000	54,000	52,000	(MT)
Stocks	3,182	5,667	5,000	(MT)
Total Distribution	106,182	113,667	118,000	(MT)
Marketing Year Begin	Forecast	09/2007	09/2007	MM]/[YYYY
Area Planted	0	641,700	728,613	(HA)
Area Harvested	0	600,000	660,461	(HA)
Beginning Stocks	0	5,667	5,000	(MT)
Production	0	69,000	68,000	(MT)
Imports	0	40,000	45,000	(MT)
Total Supply	0	114,667	118,000	(MT)
Exports	0	55,000	62,000	(MT)
Doms Consumption	0	54,000	52,000	(MT)
Stocks	0	5,667	4,000	(MT)
Total Distribution	0	114,667	118,000	(MT)

Sources:

Area Planted/Area Harvested - MAPA data for 2005. FAS Iberia estimates and forecasts otherwise.

Beginning Stocks – FAS Iberia estimates/forecasts.

Production – MAPA data through 2006. FAS Iberia forecast for 2007.

Imports/Exports - Global Trade Atlas (GTA) data for 2005. FAS Iberia estimate and forecast otherwise.

Domestic Consumption/Ending Stocks – FAS Iberia estimates/forecasts.

Note: Import; 1) Import and export estimates and forecasts have been converted into shelled basis using a ratio 3.3; and 2) Beginning MY 2005 "Exports" in the Almond Supply and Demand (S&D) table will include the GTA numbers for almonds, and to that, we are adding our estimate of almonds that are exported in the many Spanish almond-based products. Spanish firms have produced these products for many years and Spanish consumers have enjoyed them, as can be seen when comparing the almond consumption estimates with estimates from other countries, including Mediterranean producing countries like France and Italy. In recent years, however, these products, like Turrón, are becoming popular throughout Europe and the most precise location to capture them in this S&D is in the estimate/forecast of exports.

Production

Spain: Almond Production, Shelled (1999 = MY 1999/00, etc.)

MY	1999	2000	2001	2002	2003	2004	2005	2006	2007
1,000 MT	85.1	68.2	77.1	90.7	65.0	26.2	63.5	68.0	68.0

Sources: MAPA (converted from in-shell basis) through 2005; FAS Iberia estimate and forecast for remaining period.

- MAPA published an 82,600 MT production estimate for current MY 2006 in November. In September MAPA estimated production at 86,200 MT, so we remain interested to see how this estimate develops over the coming weeks and months.

Wholesale Tree Nut Prices

SPAIN: Tree Nut Wholesale Prices (In-shell)

Average Prices (€ / kg)			
	December 2006	Mid-July 2006	December 2005
Almonds	4.00	3.25	4.80
Hazelnuts	3.50	5.20	4.80
Walnut	2.50	2.40	2.40

Source: Mercabarna

Trade Tables

Spain: Almond Imports (Shelled Weight Basis) (1999 = MY 1999/00, etc.)

MY:	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Units: Metric Tons								
Total	33,223	29,155	42,183	49,529	58,655	58,095	49,245	44,000	45,000

Source: Global Trade Atlas (GTA) through 2005. FAS Iberia estimate and forecast for remaining period.

Note: Data does not include almond-based products.

Spain: Almond Exports (Shelled Weight Basis) and Almond Products (1999 = MY 1999/00, etc.)

MY:	1999	2000	2001	2002	2003	2004	2005	2006	2007
Units: Metric Tons									
Almonds	42,469	45,425	50,677	60,326	46,214	39,433	50,872	55,000	54,000
Almond products	-	-	-	-	-	-	8,525	6,000	8,000
Total	-	-	-	-	-	-	59,397	61,000	62,000

Source: Global Trade Atlas (GTA) through 2005. FAS Iberia estimate and forecast for remaining period.

Note: Beginning MY 2005, we are including almond-based products to estimate total export figures.

Import Trade Matrix

Country

Spain

Commodity

Almonds, Shelled Basis

Time Period

Sep/Aug

Units:

Metric Tons

Imports for:

2004

2005

U.S.

48,786

U.S.

38,522

Others

Others

Italy	2,612	France	2,393
France	1,999	Portugal	1,626
Greece	766	Italy	1,363
Other EU	1,065	Germany	1,082
Australia	881	Other EU	1,888
Tunisia	696	Australia	668
Chile	692	Chile	607
Turkey	246	Syria	388

Total for Others 8,957 10,015

Others not Listed 352 708

Grand Total 58,095 49,245

Source: Global Trade Atlas (GTA).

Export Trade Matrix

Country

Spain

Commodity

Almonds, Shelled Basis

Time Period

Sep/Aug

Units:

Metric Tons

Exports for:

2004

2005

U.S.

336

U.S.

476

Others

Others

Germany	13,360	Germany	15,707
France	7,423	Italy	8,117
Italy	3,799	France	8,093
Netherlands	3,497	Netherlands	4,192

Belgium	2,538	Belgium	3,313
Other EU	6,120	Other EU	6,477
Switzerland	1,295	Switzerland	1,365
Norway	207		
Total for Others	38,239		47,264
Others not Listed	858		3,133
Grand Total	39,433		50,873

Source: Global Trade Atlas (GTA).

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