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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 continue growing in the next year.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Guatemala City [GT1], GT

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Executive Summary

Guatemala's macadamia nut production increased around 43 percent in 1999 in comparison to 1998. In the year 2000, nut production is expected to increase around 80 percent. The trend is mainly due to the fact that new plantings are beginning to bear fruit as the number of trees mature. World oversupply, due to leftover stocks from 1998 and remains of 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 and \$2.20/lb in 1999. Currently, market prices are around \$2.80/lb.

Guatemala's nut production for 1999 is estimated at 4000 MT (wet-in-shell basis). Production in the year 2000 is forecast to increase to 7,200 MT (wet-in-shell basis). During 1999, weather changes did not affect nut production. In 1999, average yields were 3.01 MT/Hectare a 30 percent increase from the 1998 yield of 2.32 MT/Hectare. In the year 2000, average yields are expected to increase significantly to 4.92 MT/Hectare.

Guatemala's macadamia nut exports for 1999 reached 3,800 MT (wet-in-shell basis), up from the 1998 exports of 2,775 MT (wet-in-shell basis). In 1999, 2,800 MT (wet-in-shell basis) were exported to the U.S. and the rest was distributed between Japan, Taiwan, Hong Kong, Singapore, Canada, Sweden and Norway. Increases in exports and production compensate for decreases in price, leaving processors and producers in good shape for 1999. It is expected that the same trend will follow for the year 2000.

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 1999, 80 percent of production was kernel and 20 percent finished goods. For the year 2000 it is expected that 50 percent of production will be kernel and 50 percent finished goods. In the macadamia industry the diversification trend to by-products such as oils, cosmetics and confectionaries continues. In 1999, local consumption increased dramatically and it is expected that within the next year the industry will be able to penetrate neighboring markets.

Production

| | | | | | | |
|----------------------|--------------------------|---------|-------------|---------|----------------------|---------|
| PSD Table | | | | | | |
| Country | Guatemala | | | | | |
| Commodity | Macadamia, Inshell Basis | | | | (HA)(1000 TREES)(MT) | |
| | Revised | 1998 | Preliminary | 1999 | Forecast | 2000 |
| | Old | New | Old | New | Old | New |
| Market Year Begin | | 01/1998 | | 01/1999 | | 01/2000 |
| Area Planted | 3400 | 3400 | 3570 | 3570 | 0 | 3650 |
| Area Harvested | 1208 | 1208 | 1269 | 1329 | 0 | 1462 |
| Bearing Trees | 185 | 185 | 195 | 195 | 0 | 220 |
| Non-Bearing Trees | 345 | 345 | 360 | 360 | 0 | 380 |
| Total Trees | 530 | 530 | 555 | 555 | 0 | 600 |
| Beginning Stocks | 105 | 105 | 110 | 110 | 0 | 110 |
| Production | 2800 | 2800 | 3500 | 4000 | 0 | 7200 |
| Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLY | 2905 | 2905 | 3610 | 4110 | 0 | 7310 |
| Exports | 2775 | 2775 | 3475 | 3800 | 0 | 7000 |
| Domestic Consumption | 20 | 20 | 25 | 200 | 0 | 200 |
| Ending Stocks | 110 | 110 | 110 | 110 | 0 | 110 |
| TOTAL DISTRIBUTION | 2905 | 2905 | 3610 | 4110 | 0 | 7310 |

The Guatemalan nut crop for 1999 is estimated at 4000 MT (wet-in-shell basis) up by around 43 percent from the 1998 production of 2800 MT (wet-in-shell basis). In 2000, production is forecast to increase to 7200 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, weather conditions didn't affect the macadamia industry and diseases were present at a lower than normal level. Average yields for 1999 are estimated at 3.01 MT/Hectare, up from 1998's 2.32 MT/Hectare. Increases in yields are mainly due to good agricultural practices and management. In 2000, average yields are expected to increase even further to 4.92 MT/Hectare. A substantial increase in yields is expected for the year 2000 and 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 1999 is estimated at 3570 hectares, of which 1329 hectares were harvested. Planted area for 2000 is expected to increase to 3650 hectares as new trees are planted. Harvested area is expected to increase to 1462 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 (Patzulin) 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 are around \$9.00 bottled/pound. In 1999, Guatemala consumed 200 MT of wet-in-shell macadamia nuts, up from 1998's 20 MT of wet-in-shell macadamia nuts. In 2000, it is forecast that levels will remain at 200 MT of wet-in-shell.

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.

Trade

| | | | |
|----------------------------|---------------------------------|-----------------|-------------|
| Export Trade Matrix | | | |
| Country | Guatemala | | |
| Commodity | Macadamia, Inshell Basis | | |
| Time period | | Units: | |
| Exports for: | 1998 | | 1999 |
| U.S. | 2232 | U.S. | 2800 |
| Others | | Others | |
| Germany | 263 | Japan | 430 |
| Taiwan | 150 | Sweden | 150 |
| Canada | 80 | Norway | 150 |
| England | 50 | Canada | 100 |
| | | Taiwan | 90 |
| | | Singapur | 80 |
| | | | |
| | | | |
| | | | |
| Total for Others | 543 | | 1000 |
| Others not Listed | | | |
| Grand Total | 2775 | | 3800 |

Macadamia nut exports for 1999 reached 3800 MT (wet-in-shell basis), a 37 percent increase from 1998 exports of 2775 MT (wet-in-shell basis). In 1999, exports to the U.S. were 2800 MT. In 2000, 7000 MT (wet-in-shell basis) are forecast to be exported. In 1999, 90 percent of exports were on a shelled kernels basis and 10 percent as finished goods. In 2000, 50 percent of exports are expected to be on shelled kernels basis and 50 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 1999 was US\$ 2.20/pound, a decrease from the average price for 1998 of US\$ 3.50/pound. In 2000, the average price is expected to slightly increase to US\$ 2.80/pound. According to the two exporting companies, Guatemala is planning to continue increasing its exports in general but especially to the U.S. in 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 1999 were 110 MT (wet-in-shell basis), a slight increase from the ending stocks for 1998 of 105 MT (wet-in-shell basis). This increase is mainly due to world oversupply and leftover stocks from 1998.

In 2000, 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. Some technical assistance is provided by the Guatemalan Coffee Association.

Marketing

Plantaciones Nuez del Pacifico, which is represented by the John Macadam brand in the last year has began 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 the year 2000 they are planning to penetrate the neighboring markets. In 1998, the local market represented monthly sales of US\$6000. In 1999, local consumption increased dramatically in comparison to 1998 sales. In 1998, 20 MT were consumed locally, for 1999 consumption was 200 MT. In the year 2000, consumption is expected to remain steady at 200 MT. 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.