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Tree Nuts Annual 2012

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Report Highlights:
The Italian tree nuts sector has experienced significant restructuring over the last decade, which has reduced planted areas and production, eroding Italy's share of world production. Industry sources estimate MY 2012 Italian tree nut production at 2,500 MT for pistachios, 4,545 MT for almonds, 10,500 MT for walnuts, and 100,000 MT for hazelnuts.

INTRODUCTION

The Italian tree nuts sector has experienced significant restructuring over the last decade, which has reduced planted areas and production, eroding Italy's share of world production. As a result, Italy is no longer self-sufficient in nut production, but has become a net tree nuts importer.

I. PISTACHIOS

Table 1: Production, Supply and Demand (MT)

Pistachios, In-shell Basis	2010	2011	2012
	Estimates 2010/2011	Estimates 2011/2012	Forecast 2012/2013
	Post Data	Post Data	Post Data
Area Planted	3,600	3,650	3,650
Area Harvested	3,550	3,640	3,600
Beginning stocks	200	200	200
Production	2,500	3,100	2,500
Imports	10,479	6,700	6,690
Total Supply	**13,179**	**10,000**	**9,390**
Exports	694	345	344
Domestic consumption	12,285	9,455	8,846
Ending stocks	200	200	200
Total Distribution	**13,179**	**10,000**	**9,390**

Source: Unofficial estimates based on industry contacts; GTA

PRODUCTION

Pistachio is a traditional crop in Italy, especially in the Sicily region (Bronte area), where more than 90 percent of the production is located. "Bianca" (also called "Napoletana") is the main pistachio variety grown in Italy and is normally harvested in September. In recent years, pistachio production has slightly expanded to other areas in Sicily and Basilicata, where newer and input intensive orchards have been planted. Since 2004, pistachio from Bronte has been recognized by the European Commission as a PDO (Protected Designation of Origin), also known as Geographic Indication of Origin. Pistachio production is cyclical, with trees bearing heavily in alternate years. MY 2012 will be a lower bearing year.

CONSUMPTION

Italian in-shell pistachios are consumed as a snack food. Bakeries and food companies use shelled pistachios, while ice-cream makers mainly employ milled pistachios.

TRADE

Italian pistachio production is not sufficient to cover domestic demand, resulting in significant imports from Iran (via Germany and Belgium) and the United States. MY 2012 imports are forecast to remain flat.

II. ALMONDS

Table 2: Production, Supply and Demand (MT)

Almonds, Shelled Basis	2010 Estimates 2010/2011 Post Data	2011 Estimates 2011/2012 Post Data	2012 Forecast 2012/2013 Post Data
Area Planted	77,098	75,453	75,400
Area Harvested	75,917	74,625	74,572
Beginning stocks	1,000	1,000	1,000
Production	6,000	5,000	4,545
Imports	33,692	35,403	35,407
Total Supply	**40,692**	**41,403**	**40,952**
Exports	6,406	7,409	7,410
Domestic consumption	33,286	32,994	32,542
Ending stocks	1,000	1,000	1,000
Total Distribution	**40,692**	**41,403**	**40,952**

Source: Istat; Unofficial estimates based on industry contacts; GTA

PRODUCTION

MY 2012 almond production is forecast to decrease from the previous year to around 4,545 MT. Due to strong competition from competitively priced Californian almonds, cultivation in Italy has become less profitable. Therefore, many farmers have been abandoning this crop or shifting to more profitable cultivations (i.e., citrus fruit, wine grapes, horticultural products). In addition, almond orchards are often located in areas where mechanization is not always feasible. For all these reasons, planted area is forecast to further decline in the future.

CONSUMPTION

MY 2012 almond consumption is forecast to remain stable. In-shell almonds are mainly sold for fresh consumption. Shelled almonds are milled and generally used as a raw material for confectionary and bakery food companies.

TRADE

MY 2012 almond imports are forecast to remain flat. Italy exports its almond production mainly to Germany, France, and the UK.

III. WALNUTS

Table 3: Production, Supply and Demand (MT)

Walnuts, In-shell Basis	2010	2011	2012
	Estimates 2010/2011	Estimates 2011/2012	Forecast 2012/2013
	Post Data	Post Data	Post Data
Area Planted	4,100	4,000	4,000
Area Harvested	3,600	3,500	3,900
Beginning stocks	300	2,000	2,000
Production	15,000	12,000	10,500
Imports	41,403	41,478	41,480
Total Supply	**56,703**	**55,478**	**53,980**
Exports	4,472	4,137	4,135
Domestic consumption	50,231	49,341	47,845
Ending stocks	2,000	2,000	2,000
Total Distribution	**56,703**	**55,478**	**53,980**

Source: Unofficial estimates based on industry contacts; GTA

PRODUCTION

Italy lost its walnut market leadership a few decades ago and now is a major importer, mainly from the United States. Because farmers generally grow walnut trees for both timber and nuts, nut yields and quality have suffered. Higher input costs and lower prices have negatively affected crop profitability. As a result, Italian walnut production supplies about 20 percent of domestic requirements and the remainder is imported. Most walnuts are cultivated in Campania (Southern Italy), where the main varieties are “Sorrento” and “Malizia.” Some farmers in Northern Italy have established efficient and profitable walnut orchards planted with the “Chandler” and “Lara” varieties.

MY 2012 walnut harvest is forecast at 10,500 MT, which represents the average production in Italy. Quality is expected to be good. MY 2011 has been an exceptional year in terms of quantity.

CONSUMPTION

In-shell and shelled walnuts for fresh consumption are mainly purchased during the winter months.

However, more consumers are increasingly purchasing walnuts all year round, due to their perceived nutritional benefits. According to a recent survey, walnuts account for more than 16 percent of total Italian large retailers' tree nuts sales.

TRADE

Up until June, Italy mainly imports in-shell walnuts (mostly the "Hartley" variety) from the United States. Then, walnuts are imported principally from South America (Chile and Argentina) and Australia. France is also a major supplier to the Italian market. Additionally, new suppliers, such as Ukraine and Bulgaria, have been gradually increasing their walnut shipments to Italy for the last three years.

IV. HAZELNUTS

Table 4: Production, Supply and Demand (MT)

Hazelnuts, In-shell Basis	2010	2011	2012
	Estimates 2010/2011	**Estimates 2011/2012**	**Forecast 2012/2013**
	Post Data	**Post Data**	**Post Data**
Area Planted	70,464	70,492	70,492
Area Harvested	67,270	67,308	67,000
Beginning stocks	12,000	5,000	22,000
Production	93,644	128,947	100,000
Imports	79,347	62,190	62,188
Total Supply	**184,991**	**196,137**	**184,188**
Exports	22,778	32,559	32,561
Domestic consumption	157,213	141,578	146,627
Ending stocks	5,000	22,000	5,000
Total Distribution	**184,991**	**196,137**	**184,188**

Source: Istat; Unofficial estimates based on industry contacts; GTA

PRODUCTION

Italy is the second largest hazelnut producer in the world ahead of U.S., but behind Turkey, whose huge supply dominates the world market. Italian hazelnut producers have increasingly improved their production techniques (irrigation, fertilization, pesticide use, and mechanization) enhancing yield and maintaining Italy's competitiveness in the world market. The average farm net revenue fluctuates between €2,500 and 3,000/ha. Hazelnut production is spread around Italy with concentrations in Piedmont region (Northern Italy), Viterbo province (Central Italy), Sicily region, and Avellino province (Southern Italy). MY 2012 hazelnut production is forecast to decrease by 22 percent compared to the previous year because of the dryness. Furthermore, the production decrease is also linked to the cyclical swings in yields that make MY 2012 a "lower" bearing year.

CONSUMPTION

Hazelnuts in Italy are sold both in-shell and shelled. In-shell hazelnuts are generally sold as a snack for fresh consumption while shelled ones —both whole and milled nuts— are usually employed as a raw material for confectionary and bakery industries. Furthermore, low quality shelled hazelnuts are often used by cosmetic companies. Approximately 90 percent of the Italian harvest goes to processing companies, whereas fresh consumption represents the remaining 10 percent.

TRADE

MY 2012 hazelnuts trade balance is forecast to remain steady. Figures show a stable trend over the years, with imports of shelled hazelnuts mainly from the world leader Turkey, but also increasingly from Azerbaijan and Georgia. Exports of shelled products are destined for Germany, France, and Switzerland.

Abbreviations and Definitions Used in this Report

MY Marketing Year
Almonds, Hazelnuts and Pistachios: September/August
Walnuts: October/September

HS Codes:
Almonds: Shelled 080212; In-shell 080211
Walnuts: Shelled 080232; In-shell 080231
Filberts/Hazelnuts: Shelled 080222; In-shell 080221
Pistachios: 080250

Conversion factors used to convert shelled to in-shell tree nuts:
Almonds: 3.3
Hazelnuts: 2.03
Walnuts: 3.3
Pistachios: 1.5

Ha hectare; 1 ha = 2.471 acres
MT Metric ton = 1,000 kg
MS EU member state(s)