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Report Highlights:

FAS China forecasts commercial production of in-shell walnuts to rebound 11 percent to 1.5 MMT in MY 2024/25 supported by favorable growing conditions in major production areas. Improved world supplies and changing dietary concepts will likely drive nut imports to continue rising. Almond imports are expected to rebound in anticipation of large supplies while pistachio imports are likely to fall from MY 2023/24 when record crops in California, and tight supplies in other major producing countries, created an opportunity to allow for Chinese buyers to source from the United States at very high levels.

Tree Nut Annual 2024

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Production

The International Nuts and Dried Fruit Council (INC) estimates China's tree nut production (kernel basis) at 760,000 metric tons (MT) in 2024, an increase of 15 percent from the previous year. China's tree nut production has increased by 43 percent over the past 5 years, according to INC statistics. As the largest producer of walnuts and the second largest producer of macadamia nuts, China produces around 12 percent of total world tree nuts (kernel basis).

Walnuts

FAS China forecasts China's commercial production of in-shell walnuts at 1.5 MMT in MY 2024/25 (September-August), an increase of 11 percent from the revised number in the previous year. Both Xinjiang and Yunnan, the two largest producers, are expecting a rebound in walnut production given fine growing conditions, according to local traders. Walnut crops in other producing provinces, such as Hebei, Henan, Gansu, and Shaanxi, are likely to recover as well under favorable weather patterns. Traders also report good walnut quality this year except for the crop in Shanxi where a drought will probably lead to smaller kernel sizes. FAS China has revised MY 2023/24 in-shell walnut production lower from previous estimates to 1.35 MMT as industry sources indicate that the impact of abnormal weather on the walnut crop was worse than expected.

The walnut crop area is likely to decline slowly in the future because of the oversupply of walnuts on the market. As part of a national poverty alleviation campaign which was launched more than a decade ago, the governments at all levels would encourage farmers in less developed rural areas to plant walnuts to generate income. Subsequently, the country's walnut production started to take off and the walnut prices have trended down quickly since then. On the other hand, agricultural production costs, especially labor costs, have been rising. As a result, some farmers choose not to harvest their walnuts grown on mountains since they are not profitable. In flatter areas, some farmers have begun replacing their walnuts with grain crops, as supported by government subsidy programs under the national food security policy. Many farmers in northern walnut production areas crush their walnuts for cooking oil. In addition, quite a few walnuts are harvested prematurely and sold fresh (with hulls) at local wet markets. FAS China estimates that a large portion of Chinese walnuts are either unharvested or do not enter commercial channels.

China leads the world in walnut production, with its annual commercial production accounting for 55 percent of the world total, according to INC statistics. However, among over 50 walnut varieties currently planted across China, few compete with popular U.S. and Chilean varieties such as Chandler and Hartley that feature light (kernel) color and bitterness-free taste. Chinese walnut breeders and farmers have developed and cultivated a few

new varieties in recent years, but the process of improving varieties is quite slow. For example, farmers in Shaanxi, Gansu, and Henan have cultivated a specialty walnut variety characterized by red kernel color. Xinjiang is gradually substituting its old walnuts with new varieties that are favored by consumers with big sizes, thin shells, and light (kernel) color.

Almonds

FAS China forecasts China's shelled almond production to rebound to 24,000 MT in MY 2024/25 (August-July), according to a local agricultural source in Xinjiang, the single largest producer that plants 60,000 hectares of almond crops. Unlike varieties such as Nonpareil and Carmel that are popular on the world market, most Xinjiang almond varieties are thick shelled and produce low yields and are sold primarily within the province. To supplement the income of planting almonds, local farmers normally adopt intercropping models. In other words, local farmers normally plant other agricultural crops such as wheat, cotton, or peanuts between almond trees. The biggest challenge facing the Xinjiang almond industry remains cold temperatures in winter or spring. In the winter of 2023, for example, record low temperatures in southern Xinjiang have dramatically cut the MY 2023/24 almond production in Shache county, which provides 94 percent of total almond supplies in Xinjiang. The local agricultural department and academics vow to breed or introduce international varieties that are high-yielding and cold-resistant in the future.

Pistachios

FAS China estimates China's pistachio production at around 500 MT in MY 2024/25 (September-August). It is reported that Xinjiang has planted some 1,300 hectares of pistachio for experimental purposes.

Other Nuts-Macadamia Nuts, Hazelnuts, and Pecans

FAS China forecasts MY 2024/25 (September-August) production of in-shell macadamia nuts at 80,000 MT, an increase of 18 percent from the revised production numbers in the previous marketing year. This is based upon industry estimates shared at a China tree nut conference in early August 2024. China's production of macadamia nuts has doubled over the past five years due to rapid expansion of crop area. Although the planting area, which is currently estimated at around 309,000 hectares, has stabilized in Yunnan and Guangxi, the two largest producing provinces, Guangdong is still actively planting macadamia nuts. Industry sources expect the country's macadamia nut production to continue rising in years to come.

FAS China forecasts China's production of hybrid hazelnuts (in-shell basis) at 75,000 MT in MY 2024/25 (September-August), an increase of 25 percent from the previous year, given favorable growing conditions. An industry report indicates that China's planted area of hybrid hazelnuts has reached 126,600 hectares, mainly in northern or northeastern provinces such as Liaoning, Heilongjiang, Jilin, Shandong, Inner Mongolia, and Hebei. Following a rapid expansion, hazelnut acreage has now stabilized but production is expected to see steady increases in years to come as more plantings begin bearing. China also produces some 40,000 MT of in-shell wild hazelnuts, a unique, small-sized species native to Liaoning province.

FAS China forecasts China's production of in-shell pecans at 6,500 MT in MY 2024/25 (September-August), unchanged from the revised number in MY 2023/24, according to an industry source who indicates that a summer drought has negatively impacted the pecan crop in two major producing provinces Jiangsu and Anhui. Although China has planted around 83,000 hectares of pecans over the past decade, most plantings have not begun bearing

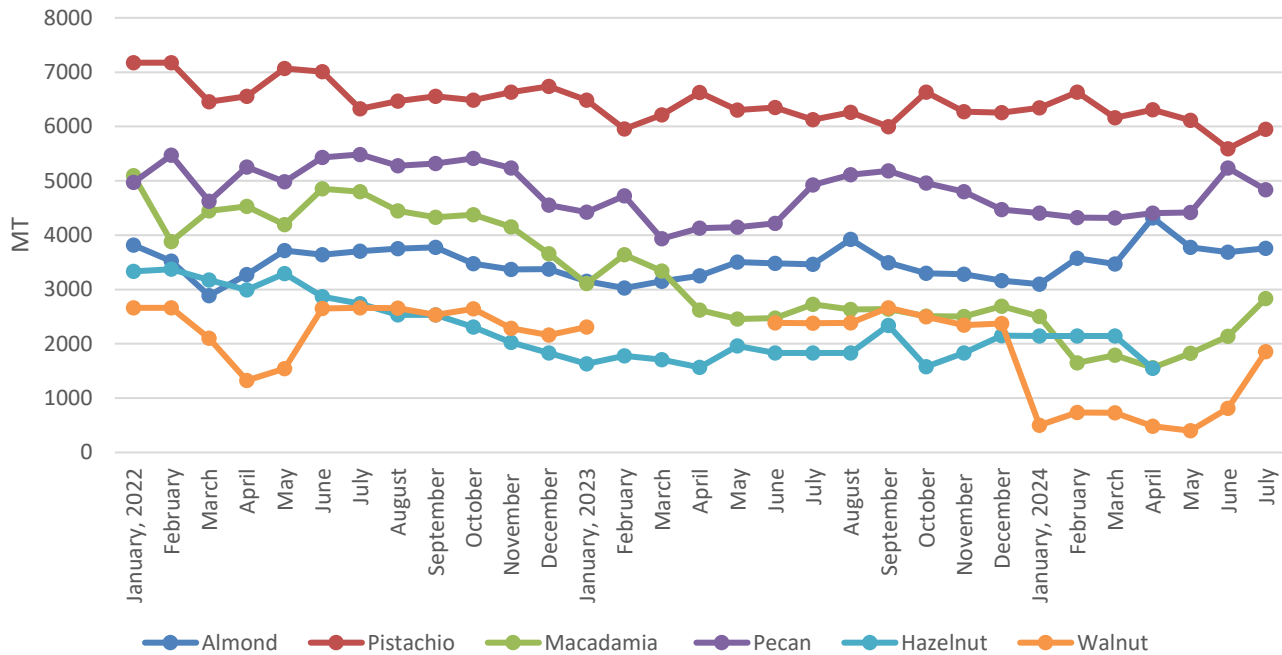
or their yields remain very low. During a pecan crop tour in Anhui and Jiangsu in June 2024, FAS China found out that Chinese pecan growers may lack the adequate farming techniques, such as control of pests and diseases, since pecans have never been planted on this land in Chinese history. In addition, the domestically bred varieties could be another reason why pecans are not producing. In fact, a few farmers have begun removing pecan plantings. Like almond farming in Xinjiang, Chinese pecan growers often plant wheat crops between pecan trees to supplement income.

Price

The walnut harvest began in early September. In Xinjiang, the leading walnut producing province, in-shell walnuts were purchased at RMB 12-13 (\$1.7-1.8) per kilogram, unchanged from the previous year, according to local traders. A walnut trader in Yunnan, the second largest producer, told Post that the farm gate price for in-shell walnuts was quoted at RMB 10 (\$1.4) per kilogram, down 20 percent from the previous year. Domestic walnut prices have generally dropped from the levels in MY 2023/24 because of a rebound of supplies in most production areas.

The import prices of tree nuts, including almonds, pistachios, macadamia nuts, pecans, hazelnuts, and walnuts, to China started to decline in 2022, pressured by weak demand globally. The downward trend in import prices continued in the first seven months of 2024 for most nuts except for almonds and hazelnuts. Industry sources predict that the market prices are likely to remain at low levels for most tree nuts in MY 2024/25, given projected increases in world supplies.

Chart 1. China: Tree Nut Import Prices from Jan. 2022 to July 2024 (in-shell basis, USD/MT)



Source: Trade Data Monitor

Consumption

Despite overall weak consumption across China, nut consumption is expected to see moderate growth in the foreseeable future driven by changing dietary concepts. The consumer behaviors have changed to become more concerned about food nutrition and functions. In other words, healthy foods can attract more consumer attention, especially in the post-COVID era. Tree nuts are typical representatives of healthy snack food that has gained increasing favor among middle-class urban consumers. An INC report stated that Chinese tree nut consumption has increased by 5 percent annually over the past 5 years, and that China consumes 8 million MT of tree nuts (kernel equivalent) annually, accounting for 15 percent of the world's total. The INC statistics also indicate that per capita consumption of tree nuts is estimated at 0.56 kilograms in 2023, compared to 2.6 kilograms in the United States and 0.98 kilograms in South Korea. In addition, an industry white paper reveals that only 9.8 percent of the Chinese population eat around 10 grams of nuts a day, a daily intake level recommended by the Dietary Guidelines for Chinese Residents (2023). Take almonds for instance, China's per capita consumption of almonds is just one sixteenth of their U.S. counterparts, or less than 18 percent of their Japanese counterparts. INC estimated that in 2030, China's per capita annual tree nut consumption may reach 1 kilogram – doubling the year of 2023. There is great potential for tree nut consumption to grow in China.

Tree nuts are consumed on various occasions, including large gatherings, during office hours, on holidays, and during sports events. Nuts are also given as gift during the holidays. A market research report showed that during the 2024 Spring Festival (Chinese New Year), tree-nut gift boxes (chosen by 46.3 percent respondents) overtook tea gift boxes (36.4 percent) and baijiu (spirits) gift boxes (34.45 percent) to become the No. 1 choice in the gift-box category.

Tree nut consumers are primarily middle and upper-class, residing in first-tier cities and coastal regions of east China. Sixty-two percent are female, and 53 percent are aged 34 and below (the so-called Generation Z). According to a private research firm, 50 percent of China's consumers purchase tree nuts at least once per week and spend over RMB 100 (\$14) on each purchase. Gen Zers are characterized by their pursuit of a healthy lifestyle and personal happiness. Marketing campaigns and promotional events that link tree nuts to a healthy lifestyle are generally well-received by young consumers.

Industry remains positive about nut consumption growth in the medium future as the nut industry continues to develop more innovative products and explore new applications. Currently, snack foods, such as “Daily Nuts,” dominate tree nut consumption in China. And the market share of foods made from processed nuts is still small. Processed nut products can be integrated into various foods in forms such as nut butter, nut oil, nut powder, nut beverage, etc. Also, the food applications of tree nuts are constantly expanding. For example, macadamia nuts can be added to liquid products to increase concentration and flavor, or used as a plant base for non-dairy beverages, such as chocolate-flavored macadamia milk and macadamia flavored solid beverages.

Policy

Although a 30-percent retaliatory Section 301 tariff on U.S. agricultural products has been exempted, if requested by importers, since March 2020 (see GAIN report [CH2020-0017](#)), U.S. tree nuts are still subject to a 15-percent retaliatory Section 232 tariff in addition to MFN tariffs. The following table provides a detailed breakdown of import tariffs and value-added tax (VAT) on various nut products in 2024.

Table 1. China: Tree Nut Import Tariff and Value-Added Tax (VAT) in 2024

HS Code	Description	Tariff (%)				VAT (%)
		MFN	U.S. as of March 2020*	Australia	Chile	
0801.2100	Brazil nuts, in shell	7	22	0	0	9
0801.2200	Brazil nuts, shelled	7	22	0	0	9
0801.3100	Cashew nuts, in-shell	5	20	0	0	9
0801.3200	Cashew nuts, shelled	7	22	0	0	9
0802.1100	Almonds, in-shell	10	25	0	0	9
0802.1200	Almonds, shelled	10	25	0	0	9
0802.2100	Hazelnuts/Filberts, in-shell	25	40	0	0	9
0802.2200	Hazelnuts/Filberts, shelled	10	25	0	0	9
0802.3100	Walnuts, in-shell	25	40	0	0	9
0802.3200	Walnuts, shelled	20	35	0	0	9
0802.5100	Pistachios, in-shell	5	20	0	0	9
0802.5200	Pistachios, shelled	5	20	0	0	9
0802.6190	Macadamia nuts, in-shell	12	27	0	0	9
0802.6200	Macadamia nuts, shelled	12	27	0	0	9
0802.9990.30	Pecans, whether or not shelled	7	22	0	0	9
2008.1910	Walnut kernels, in airtight containers	5	5	0	0	13
2008.1920	Other nuts, in airtight containers	5	5	0	0	13
2008.1999.90	Prepared/preserved nuts and other seeds, nes	5	5	0	0	13

Source: China Customs

Note: *Actual rate (including MFN and China’s Section 232 retaliatory tariffs) if Section 301 tariffs are exempted upon approval.

On April 15, 2024, the General Administration of Customs of the People’s Republic of China (GACC) published the plant inspection and quarantine requirements for shelled almonds and powder from Chile (GACC Announcement No. 42 of 2024), officially granting access to Chilean almond kernels and powder to the market with immediate effect. Chile is not an important supplier of almonds on the world market. A USDA report estimates that Chile produced 11,400 MT of shelled almonds in MY 2023/24 and most of its almond exports went to neighboring countries such as Argentina and Ecuador.

On June 26, 2024, GACC published the plant inspection and quarantine requirements for Brazilian pecans (GACC Announcement No. 75 of 2024) which allowed import of pecans from Brazil into the country. Brazil is not a major supplier of pecans with a production of 4,500 MT in MY 2023/24, according to INC estimates.

All overseas tree nut manufactures, processors, and storage facilities must register with the China Import Food Enterprises Registration ([CIFER](#)) system before exporting food products to PRC in accordance with GACC Decree 248 which went into force on January 1, 2022. U.S. tree nut exporters and U.S. tree nut facilities can request additional information about CIFER by sending an email to “Decree248Inquiry@usda.gov”.

China published the draft “Standards for Nuts and Kernels of Almonds” for public comment(see USDA GAIN report [CH2024-0088](#)). These recommended standards, which will replace the existing national standard on almond kernels, specify the quality grading, inspection rules and methods, packaging, labeling, storage and transportation of in-shell and shelled almonds. It is not immediately available when the final standards will come into force.

China published the first [National Standard on Macadamia Nuts](#), which will take effect on October 1, 2024. The standard specifies the technical requirements on grading, inspection rules and methods, packaging, labeling, storage, and transportation of macadamia nuts. The implementation of this standard may facilitate the development of the Chinese macadamia nut industry by streamlining the quality and operational practices of domestic products.

Trade

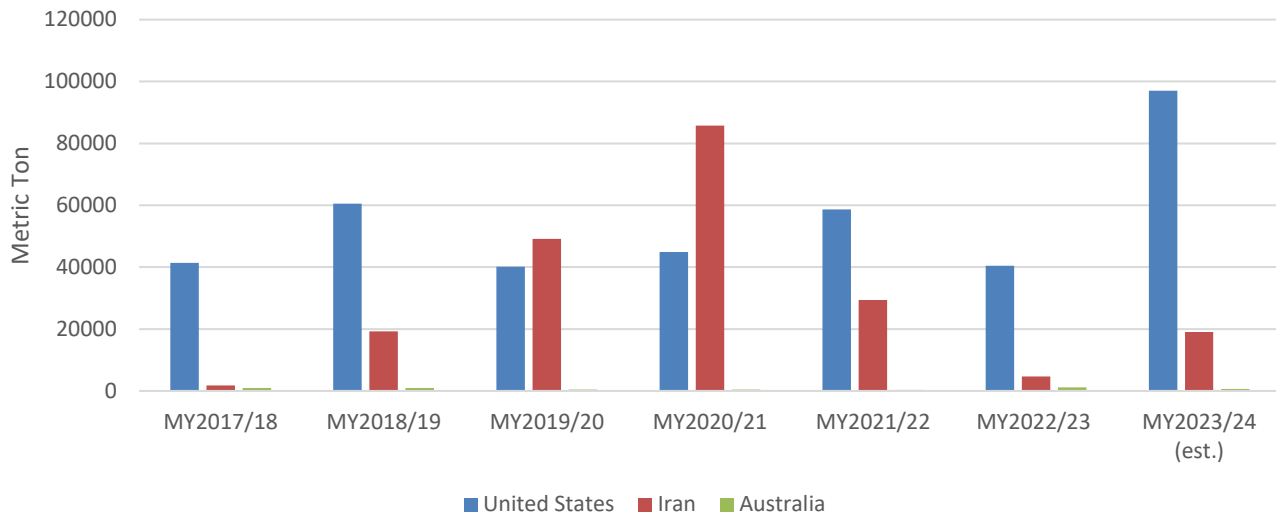
Both China’s imports and exports of tree nuts have expanded since 2015, according to a tree nut trade and consumption report released by the China Academy of International Trade and Economic Cooperation under the Ministry of Commerce (MOFCOM) in May 2024. The MOFCOM report reveals that the country’s nut imports have increased from 117,000 MT in 2015 to 427,000 MT in 2023, and exports increased from 63,000 MT to 299,000 MT. China has been a net importer of tree nuts for more than a decade and will probably remain so for some time driven by the development of the food processing industry, and the difficulty in growing popular foreign varieties such as pecans, domestically.

Imports

Being one of the top nut importers in the world, China’s imports of both in-shell and shelled nuts reached 5-year highs in 2023, according to INC statistics. However, Chinese buyers have become more price-sensitive in the wake of economic headwinds. Food businesses are cutting costs to maintain price competitiveness. As a result, importers are cautious about prices when sourcing nuts from the global market.

China was the world’s second largest buyer of pistachios (in-shell basis) after the European Union (EU 27) in 2023. Despite an “off year” for Californian growers, the total supplies (production and carry-in stocks) will still be large, according to industry estimates. Chinese demand for pistachios remains strong. The country’s imports of U.S. pistachios may drop in MY 2024/25 (September-August) from the high levels in MY 2023/24 when a record crop in California, combined with tight supplies in Iran, pushed China’s pistachios imports from the United States to soar by nearly 140 percent. The United States was the largest pistachio supplier to China, holding more than 80 percent market share in 2023. China’s imports of pistachios from Iran, its second largest supplier, may continue to improve given recovering supplies. China is also expected to import more pistachios from Turkey as its crop is projected to double this year. Although Turkey remained the world’s second largest producer, it has not been a major supplier to China.

Chart 2. China: Imports of Pistachios (in-shell basis) from Major Partners



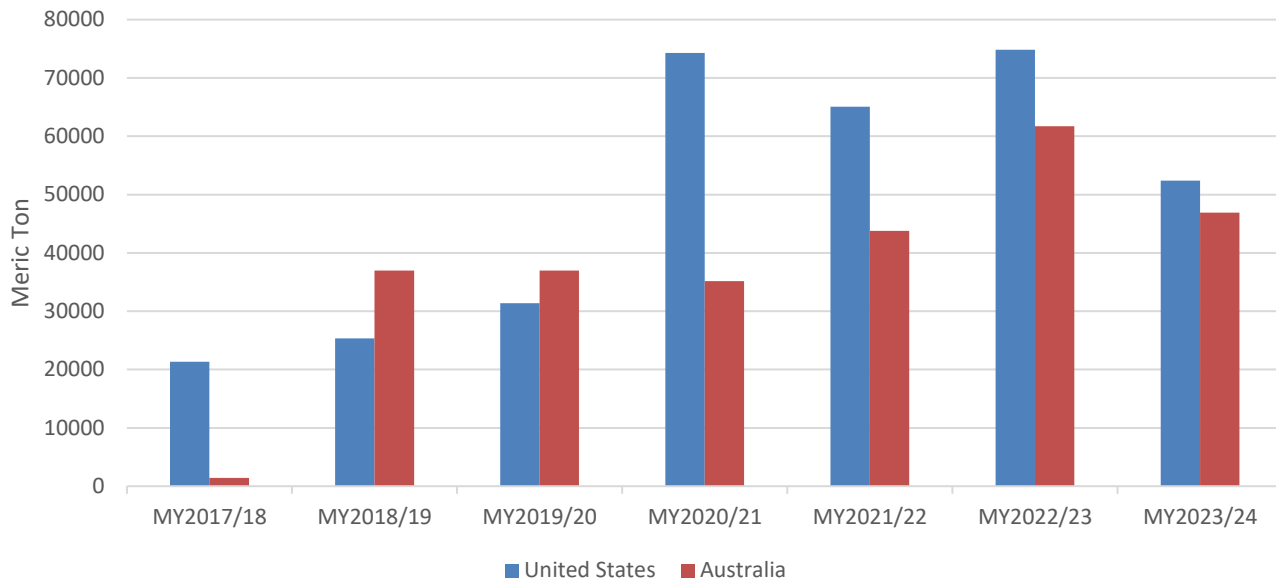
Source: Trade Data Monitor

Note: Marketing Year (MY) for pistachios begins in September and ends in August.

China remained the third largest importer of almonds (shelled basis) after the EU 27 and India in 2023. Almond imports are price sensitive and therefore likely to rebound in MY 2024/25 (August-July), as all three major producers, especially the United States, are expecting a bumper harvest. China's almond imports dropped by 27 percent in MY 2023/24, largely because of supply availability due to 5-year record low yields in both California and Australia. The United States remains China's largest supplier, but the share of Australian almonds is quickly catching up, taking advantage of a bilateral free trade agreement. China also started to import almonds from Spain, but the volume was limited. Industry members continue to share with FAS China that the retaliatory tariffs consistently influence their purchasing and import decisions for almonds, as well as other nuts, to China (see Policy).

China is by far the largest importer of macadamia nuts in the world. The country's macadamia nut imports, in-shell and shelled combined, have doubled in the past three years, largely because of increased supplies that have pressured their market price to fall (see Price). Traders predict that the rapid growth in macadamia nut imports, especially shelled products, will slow in MY 2024/25 (September-August), as the world market price started to pick up in 2024 following strong buying activities from China, Europe, and the United States. With rapidly expanding production, South Africa has become the top supplier of macadamia nuts to China, holding nearly half of the market share, followed by Australia and Kenya.

Chart 3. China: Imports of Almonds (Shelled Basis) from Major Partners



Source: Trade Data Monitor

Note: Marking Year (MY) for almonds begins in August and ends in July.

China's walnut imports have been declining since 2012 when domestic production started to take off. Chinese importers still import small quantities of in-shell walnuts from Chile and the United States to satisfy niche domestic markets. Walnut imports rebounded in MY 2023/24 when bad weather had cut the country's walnut supplies. As a result, China imported some low-price walnuts from Kyrgyzstan.

Exports

Taking advantage of the increased domestic production, China's walnut exports, both in-shell and shelled, has continued to rise. Post estimates the upward trend in walnut exports will sustain itself in MY 2024/25, boosted by a rebound in production. Chinese walnuts are shipping to a wide variety of markets in the Middle East and Central Asia, notably United Arab Emirates and Kyrgyzstan.

As domestic production improves, China had begun exporting shelled macadamia nuts to Australia and the United States. The volumes remain quite stable.

China exports in-shell and shelled almonds to neighboring countries such as Vietnam. The volume has been limited but is increasing.

Marketing

While consensus accounts point towards the headwinds China's economy faces, according to official Chinese [statistics](#), per capita disposable income increased by 5.3 percent (adjusted for inflation) in the first half of 2024, while per capita spending in the same period increased by 6.7 percent (adjusted for inflation). According to the same statistics, food and drink remains the top-spending category during the first half of the year, accounting for

31 percent of per capita spending - significantly surpassing other categories, including lodging and clothing. The snack food market continued to show upward trends and is expected to grow by 2.7 percent by the end of 2024, valued at an estimated RMB1.16 trillion (\$162.2 billion). Over the next few years, the tree nut market alone is expected to annually grow by 8 percent and could reach a value of RMB 222 billion (\$ 31 billion) by the end of 2026. Tree nuts are practically indispensable and on par with other categories like candies, chocolates and cookies.

As Chinese consumers become increasingly health-conscious, labels are becoming more important in the decision-making process related to food purchases. Healthy and nutrient-dense foods are in high demand, especially foods with low fat, low sugar, zero-additives. Some market players are seeing an increase in sales based primarily on emphasizing nutritional benefits as part of their marketing campaigns.

Market Competition and Sales Channels

Zhejiang, Guangdong, and Shandong Provinces together serve as the foundation of China's food-processing (including tree nut processing) industry. These three provinces combined have more than 3,000 registered snack food companies. In addition, these three provinces are the primary destination for China's tree nut imports, taking 45 percent, 22 percent, and 7 percent, respectively. The tree-nut snack food market has remained highly competitive with more than 5,400 brands available in the market – including high-quality private label brands. Retail outlets such as Freshippo and Bianlifeng (a convenience store chain largely operating in east and northeast China) have launched their own private-label Daily Nuts (mixed nuts and dried fruits in small-size packages intended as snack). As consumers continue to demand high-quality products and competition continues to be fierce, some small, lower-quality brands will likely be removed from the market. According to a MOFCOM report, the top 5 brands of tree-nut snacks are Three Squirrels (from Anhui Province), Bestore (from Hubei Province), Cha Cha (from Anhui Province), Laiyifen (from Shanghai), and Haoxiangni (from Henan Province), which, combined account for nearly 38 percent market share. Post's visit to a Three Squirrels facility in Anhui showed impressive state-of-the-art and highly mechanized facilities that were processing imported pecans and combining them with milk flavor supplied by another international food and flavor company. Domestic macadamia nuts were quickly supplanting imported ones in their factory, despite varying levels of quality and color due to price competitiveness.

The "Daily Nuts" category has enjoyed rapid growth since it was launched in 2016, but growth has slowed down since 2023. Nonetheless, it remains a significant component of the tree-nut snack food market with a 28 percent market share. More than 300 companies are still producing "Daily Nuts."

E-commerce platforms have played an increasingly important role in the retail sector. [Official](#) statistics show that in the first half of 2024, online sales of goods grew 8.8 percent year-on-year, accounting for more than a quarter of China's total retail sales. The rapid development of online platforms is also a driving force for the growth of tree nuts. Bestore, which had originally focused on brick-and-mortar shops, has made its way into the top 3 snack brands online at T-mall and JD.com. Three Squirrels [reportedly](#) had up to 70 percent of its total revenues from online sales channels in 2023. Online platforms of Douyin (TikTok) and Pinduoduo are gaining momentum and taking some market share from more established platforms like Taobao and JD.com, according to certain brands.

New Trends

The increasing acceptance and popularity of plant-based foods in China¹ provides huge market opportunities for tree nuts. China's plant-based foods market has grown at an annual rate of 14 percent over the past 5 years, reaching a value of \$13 billion in 2023. There are over 8,000 companies producing plant-based foods and drinks in China. Innovative foods/drinks using tree nuts as ingredients will help meet the demands of Chinese consumers. According to an almond innovation report co-drafted by T-mall, consumers look forward to innovative almond products such as almond butter/paste, almond powder, almond oatmeal, almond drinks, almond ice-cream, and skincare products containing almonds.

Attachments:

No Attachments

¹ For more information on plant-based foods in China please see: [China: Market Overview of Plant-Based Meat Alternative Products](#) and [China: Industry Group Issues Voluntary Standard for Plant-Based Meat Alternative Products](#).