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Tree Nuts Annual

2010

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Report Highlights:
Commission Regulation (EU) No 165/2010 increased the maximum aflatoxin levels for almonds and pistachios, as well as other products, bringing them in line with the Codex Alimentarius levels for tree nuts adopted in July 2008. Thus, EU aflatoxin levels are in line with existing Codex maximum aflatoxin levels and sampling plans. As a result, it is expected that there will be less rejections for impoerted almonds and pistachios at the borders. Almond production in the EU is expected to decline significantly in MY 2010/11, particularly due to the lower crop production in Spain. No major changes are expected for the walnut, filbert and pistachio crops compared to the previous marketing year.

Executive Summary:
Disclaimer: This report presents the situation and outlook for tree nuts (almonds, hazelnuts, walnuts and pistachios) in the EU-27. This report presents the views of the authors and does not reflect the official views of the U.S. Department of Agriculture (USDA). The data are not official USDA data.

This report would not have been possible without the valuable expert contributions from the following Foreign Agricultural Service analysts:

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Abbreviations and definitions used in this report
Conversion factors: conversion factor is used to convert shelled to in-shell tree nuts.
Almonds: 3.3
Hazelnuts: 2.03
Walnuts: 3.3
Pistachios: 1.5

GTA Global Trade Atlas
Ha hectare; 1 ha = 2.471 acres

HS Codes: Harmonized System codes for commodity classification used to calculate trade data.
Almonds: Shelled 080212; In-shell 080211
Walnuts: Shelled 080232; In-shell 080231
Filberts/Hazelnuts: Shelled 080222; In-shell 080221
Pistachios: 080250

MT Metric ton = 1,000 kg
EU MS European Union Member State(s)

MY Marketing year
Almonds: September/August
Walnuts: October/September
Hazelnuts: September/August
Pistachios: September/August

USD U.S. Dollar (Exchange rate at time of publishing €1=US$1.34)

Executive Summary:

The EU population totals about 500 million with an average GDP per capita of around USD 30,000. Despite the current economic slowdown, the EU continues to be an important market for U.S. tree nuts.

European consumers are increasingly becoming more interested in food and particularly in making more informed purchasing and consumption decisions. Variety, convenience and health are among the more important factors consumers use to make food purchase decisions. This has also had an impact on tree nuts consumption.

Tree nuts, often roasted, salted or mixed, are a popular snack when having a drink. However, people are also realizing that nuts can be eaten at various occasions and at different places. Dinner, for instance offers potential for tree nuts, where they can be used as an ingredient and as garnish. It is important for the U.S. industry to focus on the taste, quality, versatility, convenience and diversity of tree nuts.

In addition, European consumers are also interested in finding out more about how to achieve a healthier lifestyle. The U.S. industry is reacting to this by determining the facts about the nutritional value and health benefits of eating tree nuts. This information can serve as an excellent tool when reaching out to consumers, health professionals and media in the EU.

The European food processing industry is, in addition to the snack industry, a large user of tree nuts. Almonds are mainly used in marzipan, nougat, turron and many other pastries and sweets. They are also used to make almond butter and paste. Hazelnuts are mainly used in confectionary to make praline and also in combination with chocolate for chocolate truffles. Hazelnut oil is strongly flavored and used as cooking oil. Also the kernels of walnuts are rich in oil. Pistachio nuts are often used in ice cream and confectionary products (such as baklava and mortadella).

Most of the tree nuts trade associations like the Almond Board of California, the California Pistachio Export Council and California Walnut Commission are active on the EU market. These trade associations (or so-called cooperators or commodity groups) continuously work, often in cooperation with the FAS offices, on market access issues and market development initiatives.

Commodities:

Almonds, Shelled Basis

Production:
The EU is one of the world's leading producers and consumers of almonds. In terms of origin, the United States is by far the largest producer, contributing to approximately 82 percent of the total world almond supply. Spain holds the position as the second largest almond producer, followed by Australia. Other major EU almond producers are Italy and Greece.

Some sources predict that Australia will surpass Spain by 2015 to become the second largest almond producer. Spanish production has historically fluctuated greatly and what is most important, it is not expected to increase its production significantly in the long term. This is due mainly to the declines in EU agricultural support programs and the continuing urbanization of traditional production areas. Furthermore, farmers complain that the almond crops are less profitable each year due to the pressure coming from the California almonds. For example, for current MY they indicate that prices are lower than previous year despite the smaller crop.

For MY 2010/11, the latest official forecast published by the Spanish Ministry of the Environment and Rural and Marine Affairs (MARM) show an estimated production figure of 67,727 MT (shelled basis), a decrease of almost 21 percent compared to previous year's crop. The spring frosts and the rains affected the flowering of late varieties. The decrease in production has been general in all producing areas, but the most affected regions were Murcia (-41 percent), Andalucía (-26 percent) and Aragon (-15 percent). Spanish almond orchards are concentrated in Mediterranean regions, namely Andalucía and Valencia. Other significant production areas include Murcia, Catalonia, Aragon, the Balearic Islands and Castilla-La Mancha. The dominant varieties are Marcona, Largueta, Planeta, Valencia (Comuna) and Mallorca.

In the last two years, Greece has surpassed Italy to become the largest producer of almonds in the EU-27. MY 2010/11 almond production is forecast at 9,000 MT (shelled basis), significantly down from the previous year (10,000 MT), due to the recent abandonment of unprofitable plantations, not replaced by profitable ones. Almond cultivation in Greece dates back a long time and is traditional. According to industry estimates, there are approximately 40,000 hectares currently cultivated for almonds, including all types of systematically cultivated orchards and a large number of scattered trees (1,000-1-500 MT rarely harvested and mostly consumed on farm).

In the framework of a crop restructuring process which follows the recent Common Agricultural Policy (CAP) implementation, expansion planting of almond trees is highly recommended by the Government of Greece (GOG) for soils where water availability is limited and farmers do not have alternative cultivation choices. Therefore, in several pockets of Thessaly, where some water is available, new tree orchards of almonds and pistachios are planted by young farmers, replacing abandoned field crops like cotton, industrial tomatoes, and sugar beets.

The main Greek almond producing areas include five prefectures (Katerini, Serres, Kavala, Magnisia, and Larissa) of Central Macedonia and Thessaly, located in northern Greece. The quality of Greek almond is considered excellent and the most popular varieties are Ferragnes, Texas, Troito, and Retsou. Ferragnes variety is the favorite and is replacing many traditional ones.

Italian MY 2010/11 production is not expected to move away from the previous year harvest, at around 6,000 MT. Due to strong competition coming from the Californian almond production traded at low prices hence triggering price pressure, almonds cultivation is turning out to be more and more unprofitable. As a matter of fact, almond fields are often located in less favored areas where mechanization is not always feasible; furthermore, old orchards, lack of investments and traditional, not upgraded production techniques don't allow for high and constant yields over the years. Moreover, due to this decreasing profitability, many farmers have been abandoning this crop or shifting to other crops that allow them to earn higher margins (citrus fruit, wine grapes, horticultural products). For these reasons, planted area is forecasted to further decline in the next MYs.

Table 1. Major EU Almond Producers by Volume in MT (Shelled Basis)

COUNTRY	MY 2008/2009	MY 2009/2010	MY 2010/2011
Spain	54,575	85,485	67,727
Italy	12,000	6,000	6,000
Greece	10,000	8,500	9,000

Source: FAS Europe Offices

Consumption:

Per capita consumption of tree nuts in Greece (17 Kg/year) is the highest in the EU- and one of the highest in the world - followed by Spain and Italy. Spain has the largest almond processing industry in the EU is the largest importer among member states. Traditionally almonds are characterized by their good taste and high quality and are regarded as a healthy snack. Consumption patterns depend on factors such as dietary habits, income level and tradition. EU almond consumption absorbs not only domestic production, but also imported quantities. Almonds represent an important component in the Mediterranean diet. The majority of almond domestic consumption occurs in the form of a snack and, to a lesser extent, as an ingredient for confectionary products, such as ice cream and chocolate. Tree nuts imports are indispensable for EU consumers.

U.S. almonds imports are utilized in a variety of ways – for direct consumption, for processing into added value nuts, as food ingredients (almond flour, diced or sliced) and for processing in the confectionary industry.

Trade:

Imports

In MY 2008/09, more than 90 percent of total EU-27 imports originated in the United States, making the U.S. the number one almond supplier by far, mainly exporting shelled or peeled almonds. U.S. almonds face competition in the EU from locally grown almonds, particularly from Spain.

U.S. almonds will likely continue to enter the EU market with highly competitive prices, positively influenced by the value of the U.S. dollar against the Euro and the excellent crop in the United States. These factors will maintain stable or even push them up in MY 2010/11.

The major EU-27 importers by volume are Germany, Spain, Italy and France. Almond imports are mainly destined for the confectionary, ice cream and chocolate industries.

Nut crops are less perishable than other fruit. Therefore, in many countries, almond imported quantities are destined not only for domestic consumption, but - after being stored, processed, and packaged - they are re-exported to third countries throughout the year.

Table 2. EU-27 Imports of Almonds by Origin in MT (Shelled Basis)

Country of origin	MY 2006/2007	MY 2007/2008	MY 2008/2009
United States	167,306	185,187	186,477
Australia	2,170	5,963	6,362
Chile	1,020	1,770	2,088
Morocco	1,445	1,031	1,505
Canada	272	421	338
Turkey	224	230	256
Others	2,664	2,916	1,699
TOTAL IMPORTS	**175,101**	**197,518**	**198,725**

Source: GTA

Exports

The top destinations for EU-27 almonds are Ceuta (an Autonomous city of Spain in the North of Africa), Switzerland and the United States. The largest almond exporter is Spain and most of Spanish exports are destined for other EU MS. The largest exporters are France and Germany.

Table 3. EU-27 Exports of Almonds by Destination in MT (Shelled Basis)

Country of origin	MY 2006/2007	MY 2007/2008	MY 2008/2009
Ceuta	682	1,752	3,608
Switzerland	1,629	1,888	1,662
United States	1,511	1,358	607
Russia	161	223	555
Algeria	276	418	477
Melilla	114	143	515
Others	2,735	2,956	2,714
TOTAL EXPORTS	**7,108**	**8,738**	**10,138**

Source: GTA

Production, Supply and Demand Data Statistics:

Almonds, Shelled Basis EU-27	2008			2009			2010			
	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Sep 2008			Market Year Begin: Sep 2009			Market Year Begin: Sep 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Planted	742,114	727,214	729,063	741,797	726,897	729,985	0	0	729,623	(HA)
Area Harvested	710,616	698,143	700,739	710,022	698,122	701,987	0	0	702,623	(HA)
Bearing Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Total Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Beginning Stocks	43,375	35,000	45,000	25,675	35,000	35,000	0	0	35,000	(MT)
Production	79,800	79,552	79,721	88,950	99,054	104,430	0	0	85,492	(MT)
Imports	200,000	195,000	198,725	220,000	195,000	212,000	0	0	210,000	(MT)
Total Supply	323,175	309,552	323,446	334,625	329,054	351,430	0	0	330,492	(MT)
Exports	7,500	9,000	10,138	8,500	8,500	9,500	0	0	8,500	(MT)
Domestic Consumption	290,000	265,552	278,308	301,125	285,554	306,930	0	0	286,992	(MT)
Ending Stocks	25,675	35,000	35,000	25,000	35,000	35,000	0	0	35,000	(MT)
Total Distribution	323,175	309,552	323,446	334,625	329,054	351,430	0	0	330,492	(MT)

Source: FAS Europe Offices

Commodities:

Walnuts, In-shell Basis

Production:
France is the largest EU producer and it remains a net exporter of walnuts, and it is the largest export market is the EU.

For MY 2010/11, the walnut harvest production figure for France is expected to remain very similar to the previous MY.

Italy lost its leadership role in the world walnut market a few decades ago, cutting its self-sufficiency and starting to import from third countries (primarily California). Farmers haven't been able to innovate and often chose to grow walnuts trees both for their wood and fruits. However, this approach didn't allow for obtaining the best yields and implied higher input costs, thus negatively affecting the crop profitability. The domestic production is still on a declining trend and despite prospect for MY 2010/11 is uncertain, walnut production is forecasted at 15,000 MT, increasing from previous year levels. As for hazelnuts, harvesting period has been postponed by cold and rainy weather occurred in late spring.

In Spain, the MARM has not yet published the official walnut production data for MY 2010/11. Therefore, if weather conditions are favorable, we can expect an average production of 10,000 MT for the current MY.

Table 4. Major EU Walnut Producers in MT (In-shell Basis)

COUNTRY	MY 2008/2009	MY 2009/2010	MY 2010/2011
France	36,910	41,230	40,000
Italy	17,000	12,000	15,000
Spain	11,700	6,100	10,000

Source: FAS Europe Offices

Consumption:
Walnuts are mainly purchased in winter time both in in-shell and shelled shape for fresh consumption. Among the most favored walnut varieties in the European market are Hartley, Eureka, Franquette, Vina and Chandler. Walnut consumption in the EU falls into several categories: as a snack food; an ingredient in home cooking; by-products for further processing and as ingredient in the pastry and bakery industry.

Trade:

Imports
The wide gap between EU walnut production and imports provides an excellent opportunity for walnut exporters. The United States is the number one supplier of walnuts, both in-shell and shelled.

The EU imports various types of nuts for direct consumption as well as for further processing and re-export within the region in different forms, such as salted, baked, fried and mixed nuts.

Table 5. EU-27 Imports of Walnuts by Origin in MT (In-shell Basis)

Country of origin	MY 2006/2007	MY 2007/2008	MY 2008/2009

United States	79,799	83,319	90,564
India	22,194	18,862	19,664
Moldova	23,185	21,877	18,141
Chile	15,790	17,377	17,994
Ukraine	6,485	26,213	9,347
China	14,044	20,549	5,475
Others	6,466	3,711	2,590
TOTAL IMPORTS	**167,963**	**191,908**	**163,775**

Source: GTA

Exports

The top destinations for EU-27 walnuts are Turkey, Syria and Croatia. The largest exporters are France and Germany.

Table 6. EU-27 Exports of Walnuts by Destination in MT (In-shell Basis)

Country of origin	MY 2006/2007	MY 2007/2008	MY 2008/2009
Turkey	11,111	3,955	4,756
Syria	3,181	1,700	3,422
Croatia	2,020	1,320	2,759
Moldova	5,419	2,912	2,509
Bosnia & Herzegovina	1,630	495	2,350
Switzerland	2,692	2,373	2,261
Others	6,797	5,182	8,034
TOTAL EXPORTS	**32,850**	**17,937**	**26,091**

Source: GTA

Production, Supply and Demand Data Statistics:

Walnuts, Inshell Basis EU-27	2008			2009			2010			
	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			
	USDA Official Data	Old Post Data	New Post Data	USDA Official Data	Old Post Data	New Post Data	USDA Official Data	Old Post Data	New Post Data	
Area Planted	22,870	32,573	30,176	0	32,747	30,864	0	0	30,964	(HA)
Area Harvested	21,970	21,970	28,692	0	30,750	29,380	0	0	29,480	(HA)
Bearing Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Total Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Beginning Stocks	20,000	30,000	40,000	20,000	30,000	30,000	0	0	30,000	(MT)
Production	70,900	44,500	66,032	66,000	58,300	59,611	0	0	65,320	(MT)
Imports	102,800	165,000	163,775	110,000	170,000	175,500	0	0	170,000	(MT)
Total Supply	193,700	239,500	269,807	196,000	258,300	265,111	0	0	265,320	(MT)
Exports	19,300	25,000	26,091	18,000	25,000	30,000	0	0	25,000	(MT)
Domestic Consumption	154,400	209,013	213,716	158,000	203,300	205,111	0	0	210,320	(MT)
Ending Stocks	20,000	30,000	30,000	20,000	30,000	30,000	0	0	30,000	(MT)
Total Distribution	193,700	264,013	269,807	196,000	258,300	265,111	0	0	265,320	(MT)

Source: FAS Europe Offices

Commodities:

Filberts, In-shell Basis

Production:
In the text below, we will refer to filberts as hazelnuts, the term most commonly used in international marketing.

Italy is the second largest hazelnut producer in the world (13.5 percent of total output), just ahead the U.S. and behind Turkey whose huge supply largely affects the world market and prices. Italian farms that cultivate hazelnut trees have been increasingly improving their production techniques (irrigation, fertilization, pesticide use, mechanization, etc.) hence enhancing the average yield per hectare and maintaining the Italian competitiveness in the world market. Hazelnut crops are spread all around the Italian territory located in specific areas (Piedmont region in the North, Viterbo province in the center, Sicilian region and Avellino province in the South).

MY 2010/11 production is estimated at 87,000 MT, decreasing from the previous MY. Cold temperatures and heavy rain occurred in May and early June delayed the current MY crop which is expected to be harvested 15 days later than the usual period. In addition to that, while crop in the North of Italy is likely to be higher than MY 2009/10, in the South (especially in Avellino province) nuts have been hit by fungi and insects attacks which severely damaged the whole crop both in quantity and quality. Regarding price trend, after a weak start, a positive increase has been recorded in the last few months thanks to a lower harvest both in Turkey and in Italy. In general, planted area should be close to the one in MY 2009/10 around 70,000 hectares.

Spain also produces a significant quantity of hazelnuts. The production of hazelnuts in Spain is concentrated in Catalonia and more specifically in the Reus area, in the Tarragona province. More than 90 percent of total national production occurs in this area. The two main hazelnut varieties are *Negreta* and *Comuna*. The *Negreta* variety comes under the PDO 'Avellana de Reus'.

Official estimates for MY 2010/11 indicate an increase in production to 16,300 MT, 55 percent higher than previous season, due to more favorable weather conditions.

Table 7. Main EU Hazelnut Producers in MT (In-shell Basis)

COUNTRY	MY 2008/2009	MY 2009/2010	MY 2010/2011
Italy	125,000	95,000	87,000
Spain	24,300	10,500	16,300

Source: FAS Europe Offices

Consumption:
Domestic EU hazelnut production supplies less than 40 percent of local demand for snack and industrial purposes. Domestic demand is met by imports - mainly from Turkey.

In general, hazelnuts 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 food companies. Furthermore, low quality shelled hazelnuts are often used by cosmetic companies. In countries such as Italy, approximately 90 percent of the harvest goes to processing companies whereas fresh consumption represents the remaining 10 percent.

Trade:

Imports

The United States continues to be the main supplier of in-shell hazelnuts to the EU. However, when total imports are converted to in-shell basis, the United States falls to the fifth position in MY 2008/09, after Turkey, Georgia, Azerbaijan and Chile.

Shelled or peeled hazelnuts are imported mainly from Turkey, the world's dominant producer. Italy is the second world producer and exports mainly to other EU MS and Switzerland.

Table 8. EU-27 Imports of Hazelnuts by Origin in MT (In-shell Basis)

Country of origin	MY 2006/2007	MY 2007/2008	MY 2008/2009
Turkey	193,428	166,543	201,207
Georgia	22,306	14,543	14,484
Azerbaijan	3,721	9,228	2,785
Chile	955	1,772	2,621
United States	4,237	3,571	1,712
Croatia	312	348	407
Others	5,208	3,522	327
TOTAL IMPORTS	**230,167**	**199,527**	**223,543**

Source: GTA

Exports

The top destinations for EU-27 hazelnuts in MY 2008/09 were Switzerland, Canada, Serbia and Norway. Most of the hazelnut trade occurs within the EU. The major exporters are Italy, Germany and Spain.

Table 9. EU-27 Exports of Hazelnuts by Destination in MT (In-shell Basis)

Country of origin	MY 2006/2007	MY 2007/2008	MY 2008/2009
Switzerland	4,448	6,480	4,107
Canada	753	938	3,065
Serbia	520	891	1,186
Norway	1,195	1,263	1,033
Brazil	384	776	817
Venezuela	83	802	664
Others	2,749	3,523	3,564
TOTAL EXPORTS	**10,132**	**14,673**	**14,436**

Source: GTA

Production, Supply and Demand Data Statistics:

Filberts, Inshell Basis EU-27	2008			2009			2010			
	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Sep 2008			Market Year Begin: Sep 2009			Market Year Begin: Sep 2010			
	USDA Official Data	Old Post Data	New Post Data	USDA Official Data	Old Post Data	New Post Data	USDA Official Data	Old Post Data	New Post Data	
Area Planted	90,000	85,146	86,461	0	84,802	87,450	0	0	86,411	(HA)
Area Harvested	88,500	82,843	84,639	0	82,653	85,762	0	0	84,236	(HA)
Bearing Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Total Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Beginning Stocks	55,900	40,000	50,000	47,400	40,000	40,000	0	0	40,000	(MT)
Production	149,000	149,000	149,300	134,000	109,000	105,500	0	0	103,300	(MT)
Imports	207,000	222,000	199,527	200,000	220,000	222,000	0	0	220,000	(MT)
Total Supply	411,900	411,000	398,827	381,400	369,000	367,500	0	0	363,300	(MT)
Exports	14,500	13,000	14,673	13,000	13,000	13,000	0	0	13,000	(MT)
Domestic Consumption	350,000	358,000	344,154	340,000	316,000	314,500	0	0	310,300	(MT)
Ending Stocks	47,400	40,000	40,000	28,400	40,000	40,000	0	0	40,000	(MT)
Total Distribution	411,900	411,000	398,827	381,400	369,000	367,500	0	0	363,300	(MT)

Source: FAS Europe Offices

Commodities:

Pistachios, In-shell Basis

Production:
Greece is the major producer of pistachios in the EU. According to industry estimates, MY 2010/11 Greek pistachio production is forecast at 8,100 MT, significantly down from the previous year (9,000 MT), due to the fact that Greek farmers are moving off the farms. More specifically, Greek farmers cannot invest easily in a tree crop which starts producing 8-9 years after planting. Therefore, they are seeking jobs in other sectors of the economy, such as tourism and services. Greek pistachios are mainly produced in the Island of Egina and in the area of Lamia, located in central Greece. Due to its exceptional flavor, shapely form, and full kernel, the Aegina pistachio has been identified by the European Commission as a Protected Origin Product (POP - Directive N. 1263/96), distinguishing it from all other pistachio varieties world-wide.

In Italy, most of the Italian production comes from Sicily (Bronte area) where over 90 percent of the Italian cultivated area is located. In addition to that, the largest part of the Italian crop is harvested in "odd" years – due to alternate bearing – which means that MY 2010/11 will be a lower quantity year, estimated at 2,500 MT. Pistachios coming from Bronte area are traded under a PDO (Protected Designation of Origin) label which has been released by the EU Commission early in 2010 and which means that farmers have to follow specific production requirements which guarantee a high quality level but implies higher harvesting costs. In recent years, pistachio production has slightly expanded to other areas in Sicily where new, less labor and input intensive orchards have been planted.

Consumption:
Domestic EU pistachio production supplies less than ten percent of local demand for both snack and industrial use. Domestic demand is met through imports sourced mainly from the United States and Iran.

The overall pistachios use can be split among many different ones starting from the in-shell basically traded as a snack food or as an ingredient employed by restaurant, shelled pistachios are used by bakeries and food companies (bakeries, cosmetic companies, sweet food companies and so on) while milled pistachios are mainly used by ice-cream makers.

Trade:

Imports
The EU is a net importer of pistachios due to a very limited EU production. The main suppliers for the European market are the United States and Iran, who together account for nearly 100 percent of total imports. U.S. pistachios continue to enter the European market with highly competitive prices, positively influenced by the favorable exchange rate of the U.S. Dollar against the Euro. Furthermore, U.S. pistachios have a very high quality image compared to its immediate competitor.

Table 10. EU-27 Imports of Pistachios by Origin in MT (In-shell Basis)

Country of origin	MY 2006/2007	MY 2007/2008	MY 2008/2009
United States	42,262	51,779	51,187
Iran	33,517	29,599	18,589
Turkey	889	774	1,436

Canada	65	20	107
China	973	131	95
Argentina	57	0	70
Others	1,033	809	455
TOTAL IMPORTS	**78,796**	**83,112**	**71,939**

Source: GTA

Exports

The top destinations for EU-27 pistachios for MY 2008/2009 were Melilla (an Autonomous City of Spain in North Africa), and the United States. Other usual destinations for European pistachios (mainly re exported from other countries) are Switzerland, Serbia and Croatia. The major EU pistachio exporters are Greece, Italy and Spain.

Table 11. EU-27 Exports of Pistachios by Destination in MT (In-shell Basis)

Country of origin	MY 2006/2007	MY 2007/2008	MY 2008/2009
United States	224	66	458
Melilla	363	332	411
Switzerland	218	257	257
Serbia	87	201	213
Croatia	17	98	104
Norway	83	80	99
Others	894	870	501
TOTAL EXPORTS	**1,886**	**1,904**	**2,043**

Source: GTA

Production, Supply and Demand Data Statistics:

Pistachios, Inshell Basis EU-27	2008			2009			2010			
	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Sep 2008			Market Year Begin: Sep 2009			Market Year Begin: Sep 2010			
	USDA Official Data	Old Post Data	New Post Data	USDA Official Data	Old Post Data	New Post Data	USDA Official Data	Old Post Data	New Post Data	
Area Planted	8,352	8,722	8,779	8,352	8,722	8,437	0	0	8,500	(HA)
Area Harvested	8,352	8,672	8,764	8,352	8,672	8,415	0	0	8,450	(HA)
Bearing Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Total Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Beginning Stocks	14,000	14,000	15,000	14,000	14,000	14,000	0	0	14,000	(MT)
Production	9,200	9,200	11,209	10,000	13,000	11,209	0	0	10,700	(MT)
Imports	80,225	75,000	71,939	82,000	80,000	80,000	0	0	80,000	(MT)
Total Supply	103,425	98,200	98,148	106,000	107,000	105,209	0	0	104,700	(MT)
Exports	1,350	2,000	2,043	1,500	2,000	3,000	0	0	2,000	(MT)
Domestic Consumption	88,075	82,200	82,105	90,500	91,000	88,209	0	0	88,700	(MT)
Ending Stocks	14,000	14,000	14,000	14,000	14,000	14,000	0	0	14,000	(MT)
Total Distribution	103,425	98,200	98,148	106,000	107,000	105,209	0	0	104,700	(MT)

Source: FAS Europe Offices

Commodities:

Almonds, Shelled Basis
Walnuts, In-shell Basis
Filberts, In-shell Basis
Pistachios, In-shell Basis

Policy:

European Commission (EC) Regulation EC /73/2009 (which repealed EC/1782/2003) established the common rules for direct support schemes under the EU's Common Agricultural Policy (CAP). Section 4, Articles 82 to 86, "Area payment for nuts", defines the general payment structure for CAP assistance to the tree nut sector.

Under this Regulation, EC aid will be granted for 2009-2011 to farmers who produce almonds, hazelnuts, walnuts, pistachios or locust beans and meet the conditions for eligibility outlined in Article 85. Tree nut producers are eligible for EC aid based on the guaranteed maximum area allocated to each Member State (MS), which is defined as their National Guaranteed Area (NGA). For NGA and Financial Ceiling please see EC/73/2009 or E46098).

The Community area payment is granted within the limit calculated by multiplying the number of NGA hectares by the average amount of €120. (US$162). If the actual area exceeds the NGA, the amount of aid is reduced proportionately. Community aid is only granted if farmers comply with a minimum plot size and tree density.

In theory, the maximum level of aid for all tree nut producers is €241.50 (US$ 324) per hectare: the €120.75 (US$ 162) per hectare Community payment and the matching maximum payment provided by the individual Member State's national government. However, in practice Member States can reapportion the area payments by "sub-base areas" amongst the different types of nuts. For example, the MY 2009/10 maximum payment for hazelnuts in Spain is €260.58 (US$349) per hectare, which results in a reduced maximum payment for all other nuts of €155.58 (US$208).

The Common Agricultural Policy (CAP) Health Check agreement reached in November 2008 granted EU Member States a degree of discretion regarding how some CAP programs are implemented at the national level. According to this, Spain decided to postpone the decoupling in certain sectors, such as tree nuts. For this sector, Spain has decided to maintain support linked to production until 2012.

In the case of tree nuts, as of 2012, €14 million (US$ 19 million) will be allocated under article 68, in compliance with WTO Green Box subsidy rules, for 200,000 hectares at a rate of €70 (US$ 94) per hectare. The purpose of this payment is to maintain a specific subsidy to this sector for tree maintenance and land preservation. In the case of tree nuts, as of 2012, €14 million (US$ 19 million) will be allocated under article 68, in compliance with WTO non-Green Box subsidy rules, to 200,000 hectares at a rate of €70 (US$ 94) per hectare. The purpose of this payment is to maintain a specific subsidy to this sector for tree maintenance and land preservation.

Special EU Import Conditions for U.S. Almonds

As of September 1, 2007, the EU implemented Special Import Conditions, which called for mandatory testing of California almonds imported to EU member countries. The California almond industry and USDA developed a Voluntary Aflatoxin Sampling Plan (VASP) comparable to the EU sampling procedures so that almonds can be uniformly tested before they are shipped to the EU.

Per Commission Regulation 1152/2009, these procedures are considered to provide sufficient assurances, such that almonds shipped under the VASP program are subject to random testing on import in Europe, whereas almonds that are not controlled under the VASP program continue to be subject to 100% border controls. These levels are applicable as of January 1, 2010. The Decision applies to almonds in shell or shelled, roasted almonds and mixtures of nuts or dried fruits containing almonds, and foodstuffs containing a significant amount of almonds (at least 20 percent).

Regulation 1152/2009 also introduces the use of a Common Entry Document (CED), similar to the Common Veterinary Entry Document (CVED) used for veterinary products. Starting January 1, 2010, the **importer** has to provide prior notification to the competent authorities at the designated port of entry for the goods covered by the regulation at least 1 working day prior to the arrival of the goods, using the CED. The CED was published in Annex II of the Regulation 669/2009.

Provisions for methods of sampling and analysis for the official control of mycotoxins including aflatoxins are laid down in Commission Regulation 401/2006 as amended by Commission Regulation 178/2010. As of March 13, 2010, sampling under the VASP is performed on the basis of a 2x10 kg sample, in accordance with the new EU sampling legislation. For additional information see Annex VII B of the EU guidance document.

Additional information on the VASP program is also available from the Almond Board of California: http://www.almondboard.com/Handlers/FoodQualitySafety/VASP/MarketRamifications/Pages/Default.aspx

Commission Regulation (EU) No 165/2010 increased the maximum aflatoxin levels for almonds and pistachios, as well as apricot kernels, hazelnuts and Brazil nuts, bringing them in line with the Codex Alimentarius levels for tree nuts adopted in July 2008. As a result, EU aflatoxin levels are in line with existing Codex maximum aflatoxin levels and sampling plans. However, EU legislation has a more extensive product coverage and also includes separate maximum limits for aflatoxin B1.
The new levels, effective on March 9, 2010, changes to maximum tolerance for aflatoxin to the following:

	Ready-to-Eat (RTE)	**For Further Processing (FFP)**
Almonds	10 ppb total 8 ppb B1	15 ppb total 12 ppb B1
Hazelnuts, Brazil Nuts	10 ppb total 5 ppb B1	15 ppb total 8 ppb B1
Pistachios	10 ppb total	15 ppb total

	8 ppb B1	12 ppb B1

For more information, see the E50018 GAIN report.

Related Reports

Report Number	Title	Date Released
IT1040	Italian Tree Nuts 2010	09/20/2010
E50018	New EU Aflatoxin Levels and Sampling Plan	03/09/2010
E46098	EU-27 Tree Nuts Annual	10/19/2009
These reports can be accessed through the FAS website http://www.fas.usda.gov/scriptsw/attacherep/default.asp		