Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 7/27/2000

GAIN Report #SP0031

Spain

Tree Nuts

Annual

2000

Approved by:
Robert Wicks
U.S. Embassy, Madrid
Prepared by: Perez

Report Highlights:

Affected by bad weather, both almond and filbert harvests are projected to decline significantly this year. Almond imports, practically all CA products, and filbert imports, the great majority Turkish products, are running this marketing year well ahead last year's pace and are expected to further grow in MY 2000/01 due to the reduced domestic supplies. Exports of both nut types are also growing this year but are expected to decline in MY 2000/01. The Tree Nut Varietal Improvement Program has been extended for one year. The upcoming reform of the F&V regime will set up a new support scheme for tree nuts.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Madrid [SP1], SP

Table of Contents

Executive Summary

Adverse weather earlier this year is expected to reduce almond production by 16 percent to 55,000 metric tons, and filbert production by more than one third this year to 16,000 tons.

Almond exports during the first 7 months of MY 1999/00 amounted to 28,803 tons, up 12 percent from the comparable period of a year earlier. For the entire MY 1999/00, almond exports are projected to grow to 42,700 tons, 8,700 tons more than year earlier levels. For the next MY 2000/01, almond exports are expected to decline due to the reduced domestic supplies.

Almond imports in the current MY 1999/00 are also running well ahead of last year's pace despite last year's large crop. During the first 7 months of the current MY 1999/00, they rose 52 percent to 22,154 tons from the comparable period of a year earlier. Almond imports for the entire MY 1999/00 are projected at 34,000 tons, 2,000 tons more than a year earlier. For MY 2000/01, almond imports are forecast to further grow due to the reduced domestic crop.

Filbert trade, both exports and imports, in the current MY 1999/00 is also increasing. While filbert exports are projected to grow to 14,000 tons from just 6,000 tons in the previous year, while filbert imports will be up to 9,700 tons. Like almonds during MY 2000/01, filbert exports are projected to decline and filbert imports to increase due to the smaller domestic crop.

The Tree Nut Improvement Program for the varietal reconversion of orchards has been extended for only one year. The future of this sector would now be dependent upon a survey of the sector situation to be made later on this year vis a vis the reform of the fruit and vegetable sector.

NOTE: The conversion rate used for almonds, in shell to shelled is 1 = 0.27. Conversion rate for filberts, kernel to in shell: 1 = 2.2

Current exchange rate is approximately 180 pesetas/$1; 1 EURO/$0.9216.

Production

Almonds

Adverse weather, including rainstorms and frosts, is forecast to cause a reduction in the size of the almond harvest in MY 2000/01 to about 55,000 metric tons, 11,000 tons less than in the previous year.

Based on 1997 official data, the latest data available, crop area is estimated at about 664,000 hectares, with just over 629,000 hectares being harvested. Almond production takes place mainly in Andalucia and Valencia followed by other regions of eastern Spain, including Murcia, Catalonia, Aragon, Balearic Islands and Castilla-La Mancha.

Only about 43,000 hectares are irrigated, so rainfall is crucial to the level of output. Marcona, Desmayo Largueta, Desmayo Rojo, are still the most important almond varieties, presently comprising about 55 - 65 percent of total Spanish almond production.

Producer prices in 1999 for in-shell almonds averaged 94.66 pesetas per kilogram (139.08 pesetas in 1998) and ranged in price from 87.22 to 130.59 pesetas per kilogram, depending on variety, area of production and time of the year. Given the shorter crop expectations, prices in MY 2000/01 are expected to rise.

Hazelnuts

Unfavorable weather coupled with the normal fluctuations in the bearing cycle led to poor blossoming and polinization in most producing areas. Filbert production is forecast to decrease dramatically in MY 2000/01 to about 16,000 tons in-shell basis from 25,000 tons in the preceding year.

Based on 1997 official data, the latest data available, crop area is estimated at about 28,000 hectares, including 20,500 hectares of bearing trees and the remaining 7,500 hectares of non-bearing trees. About half of the orchard area is under irrigation. The major filbert producing region in Spain is Catalonia, with approximately 95 percent of total production. Within this autonomous region, Tarragona produces about 88 percent of the total, and the rest in Gerona and Barcelona. Negreta is the principal variety of filbert grown in Spain, comprising nearly 80 percent of total production. Producer prices in 1999 for filberts averaged 200.50 pesetas per kilo (239.95 pesetas/kilo in 1998), and ranged between 188 and 256 pesetas per kilogram.

Consumption

Almonds

Higher prices due to the expected shorter crop will lead to a moderate decline in domestic consumption in MY 2000/01. The confectionery industry is currently believed to account for about 70 to 80 percent of domestic consumption, and most of the balance is consumed as snacks. The nougat industry is a major consumer of almonds in Spain. Almond consumption increases slightly during the Christmas period, together with other nuts, mainly because that is the time of the year when nougat is consumed.

Hazelnuts

Like almonds, the reduced domestic output is expected to result in a moderately lower consumption in MY 1999/00. The bulk of the filbert crop is traded in-shell. The confectionery and chocolate industries use about 60 - 70 percent of domestic supplies. Filberts are also used for snacks, and are often marketed in the form of snack packs.

Trade

Almonds

During the current MY 1999/00, almond imports are running well above last year's pace and this tendency is expected to continue in MY 2000/01 due to the reduced domestic crop. Almond exports, however, are estimated to increase in the current MY 1999/00 and to decline in MY 2000/01, commensurate with the size of the domestic crop.

Spanish almond exports during the first seven months (September-March) of MY 1999/00 were 28,803 metric tons, up 12 percent from the same period of the previous marketing year (25,619 metric tons). Total exports are expected to reach 42,700 tons during the current MY 1999/00, 8,700 tons more than year earlier levels. Total exports during calendar year 1999 were 41,255 tons, 4.5 percent below the previous year. Other EU countries were the major destinations, representing about 94 percent of export markets. Exports during the current MY 2000/01 campaign are expected to decline 6 percent to about 40,000 tons due to the smaller crop.

Total imports during the period September 1999-March 2000 totaled 22,154 tons, shelled basis (14,607 tons in the same period a year earlier), of which 21,212 tons were imported from the U.S. Almond imports during MY 2000/01 are projected to increase due to the smaller expected crop. Total Spanish almond imports in calendar year 1999 were 28,364 tons, of which 26,819 tons came from the U.S. This is an increase of 17 percent from the previous year, when total almond imports were 24,281 tons (21,596 from the U.S.)

Two tariff categories for sweet almonds are listed in the Integrated Tariff of the European Union (TARIC), which was implemented on January 1, 1988 and updated August 10, 1993. These categories are, 0802.11.90.0 and 0802.12.90.0. Import duties have been gradually phased down during the July 1995-July 2000 period due to the U.R. provisions and are currently as follows:

In shell almonds: 5.6 percent
Shelled almonds: 3.5 percent

A WTO global EU annual tariff quota of 90,000 tons at a reduced import duty rate of 2 percent is, however, applicable, and Spanish almond importers may benefit from this tariff quota for imports from outside the EU. As is the case with locally produced food products, a 7 percent Value Added Tax is imposed on almond imports.

Hazelnuts

Like almonds, filbert imports are expected to grow during both the current MY 1999/00 and the next MY 2000/01 years. Filbert exports, like almond exports, will be up this year and down next year, reflecting the size of the domestic harvest.

Exports during the first seven months of the current MY 1999/00 crop totaled 8,628 tons, in-shell basis, compared with only 3,594 during the comparable period a year earlier. During MY 2000/01, hazelnut exports are expected to decrease as a result of the reduced domestic crop. Exports in calendar year 1999 rebounded to 9,666 tons in-shell basis from a low of 7,316 metric tons in 1998 but were inferior to the 1997 level (11,343 tons).

Imports during the period September 1999-March 2000 rose to 7,689, an increase of 9.4 percent from the previous marketing year. In MY 2000/01, imports are forecast to continue to grow due to the lower domestic crop. Spanish filbert imports in calendar year 1999 totaled 9,561 tons, about 4 percent lower than 1998. Turkey was once again by far the major supplier with 6,286 tons. U.S. exports to Spain totaled 531 tons, representing a slight decrease from 1998.

Two tariff categories for filberts are listed in the Integrated Tariff of the European Union (TARIC), as follows: 0802.21.00.0 and 0802.22.00.0. Import duties have been gradually phased down during the July 1995-July 2000 period due to the U.R. provisions. The current duty rate is of 3.2 percent. Like domestic products, a 7 percent Value Added Tax applies.

Policy

While there is no price support program for tree nuts, EU Regulation 2145/91 established an "improvement" program that is implemented in both Spain’s almond and hazelnut sectors. As part of the program, up to 475 ECU/hectare can be provided to plant improved varieties appropriate for each specific producing area. This program, implemented in 1991, ended in this year 2000. However, nut growers have been very vocal for getting a extension of this program since most of them consider the program vital to stay in business, given the growing competition from California almonds and Turkish filberts that they are currently facing. While they obtained an extension of one year as approved in the most recent EU Ag Minister Council, they hope that the pending reform of the fruit and vegetable regime, which is in principle scheduled to be implemented in the 2003 year, provide the nut sector with reasonable support. The most recent proposal, however, calls for a reduction of subsidies received by producers of fruit, vegetables and nuts. Subsidies would be up to 3 percent of sales, instead of a range between 2.5 and 4.5 percent currently in effect. According to producers, this would mean a cut in subsidies of about Pts. 50 billion (about $280 million) for the entire fruit, vegetable and nut sector.

Marketing

Almonds

The U.S. continues to be the dominant foreign supplier of almonds in Spain, accounting for about 95 percent of total imports last year. Despite last year's larger almond domestic production, U.S. almond exports to Spain notably increased. Due to their uniformity and low breakage, U.S. almonds are generally preferred by almond processors to produce food ingredients, including flour, dices and fillets, and a significant proportion of these products are exported. Thus, trade sources estimate that at least 50 percent of CA almonds are re-exported to other EU countries. Domestic almonds are generally used as snack products because of claimed superior taste and higher oil content. In addition, roasted domestic almonds are easily peeled by consumers. Another main use for almonds is the seasonal production of nougat and marzipan for a country-wide consumption by Christmas. Domestic almonds are generally preferred, although U.S. almonds can be used. As in the case of almond food ingredients, prices generally determine the proportion of the two almond types used.

Beginning January 1, 1999, stricter EU limits on aflatoxin on nut products became applicable in Spain. These limits are set in Commission Regulation EC 1525/98. For nuts, including almonds, and dried fruit intended for direct human consumption or as an ingredient in foodstuffs, they are 2 PPB (2 micrograms/kilogram) for aflatoxin B1 and 4 PPB (4 micrograms/kilogram) for aflatoxins B1, B2, G1 and G2 combined. The Regulation, however, sets up 5 and 10 micrograms/kilogram, respectively, for nuts and dried fruit to be subject to sorting or other physical treatment before human consumption or use as an ingredient in foodstuffs. Needless to say, that the sorting or the physical treatment must reduce the aflatoxin levels down to the 2 and 4 PPB limits. Last year, just one U.S. almond container was rejected due to an alflatoxin content beyond the EU limit.

Hazelnuts

U.S. filbert supplies represent about 5 percent of Spain's total hazelnut imports. U.S. suppliers continue to face stiff competition from lower-priced supplies from Turkey, which supplies about a 66 percent of total imports. Nevertheless, large, good quality U.S. hazelnuts continue to have potential for growth. All Turkish hazelnuts imported in Spain are shelled, while U.S. imports of hazelnuts are in-shell basis.

Tables

Production, Supply & Distribution - Almonds, Shelled

PSD Table						
Country	Spain					
Commodity	Almonds, Shelled Basis					(HA)(1000 TREES)(MT)
	Revised		Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		09/1999		09/2000		09/2001
Area Planted	640	640	0	640	0	640
Area Harvested	600	620	0	620	0	620
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Beginning Stocks	1000	0	3000	3300	0	2300
Production	67000	66000	0	55000	0	58000
Imports	20000	32000	0	34000	0	35000
TOTAL SUPPLY	88000	98000	3000	92300	0	95300
Exports	50000	42700	0	40000	0	42000
Domestic Consumption	35000	52000	0	50000	0	50000
Ending Stocks	3000	3300	0	2300	0	3300
TOTAL DISTRIBUTION	88000	98000	0	92300	0	95300

Import Trade Matrix - Almonds, Shelled

Import Trade Matrix			
Country	Spain		
Commodity	Almonds, Shelled Basis		
Time period	Calendar Year	Units:	Calendar Year
Imports for:	1998	Metric Tons	1999
U.S.	21,596	U.S.	26,819
Others		Others	
EU countries	2,192	EU countries	1,207
Australia	116	Australia	184
Total for Others	2,308		1,391
Others not Listed	377		154
Grand Total	24,281		28,364

Export Trade Matrix - Almonds, Shelled

Export Trade Matrix			
Country	Spain		
Commodity	Almonds, Shelled Basis		
Time period	Calendar Year	Units:	Calendar Year
Exports for:	1998	Metric Tons	1999
U.S.		U.S.	
Others		Others	
Germany	16,852	Germany	14,852
France	7,902	France	8,071
Italy	7,404	Italy	7,344
Belgium	2,457	Belgium	2,349
Other EU	6,009	Other EU	6,302
Switzerland	1,060	Switzerland	949
Total for Others	41,684		39,867
Others not Listed	1,528		1,388
Grand Total	43,212		41,255

Production, Supply & Distribution - Filberts, In-shell

PSD Table						
Country	Spain					
Commodity	Filberts, Inshell Basis				(HA)(1000 TREES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		09/1999		09/2000		09/2001
Area Planted	29	29	0	28	0	27
Area Harvested	22	22	0	22	0	21
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Beginning Stocks	0	0	5000	2200	0	2200
Production	30000	25000	0	16000	0	15000
Imports	5000	9700	0	11000	0	10000
TOTAL SUPPLY	35000	34700	5000	29200	0	27200
Exports	15000	14000	0	10000	0	9000
Domestic Consumption	15000	18500	0	17000	0	17000
Ending Stocks	5000	2200	0	2200	0	1200
TOTAL DISTRIBUTION	35000	34700	0	29200	0	27200

Import Trade Matrix - Filberts, In-shell

Import Trade Matrix			
Country	Spain		
Commodity	Filberts, Inshell Basis		
Time period	Calendar Year	Units:	Calendar Year
Imports for:	1998	Metric Tons	1999
U.S.	553	U.S.	531
Others		Others	
Turkey	7,506	Turkey	6,286
Italy	1,034	Italy	1,221
France	251	France	243
Other EU	238	Other EU	171
		Georgia	760
		Azerbaijan	290
Total for Others	9,029		8,971
Others not Listed	375		59
Grand Total	9,957		9,561

Export Trade Matrix - Filberts, In-shell

Export Trade Matrix			
Country	Spain		
Commodity	Filberts, Inshell Basis		
Time period	Calendar Year	Units:	Calendar Year
Exports for:	1998	Metric Tons	1999
U.S.		U.S.	
Others		Others	
Germany	2,048	Germany	4,835
Czech Republic	1,113	Czech Republic	968
Italy	1,012	France	880
France	816	Italy	340
Other EU c.	828	Austria	547
Venezuela	330	Other EU c.	694
		Poland	759
		Venezuela	340
		Egypt	279
Total for Others	6,147		9,642
Others not Listed	1,169		24
Grand Total	7,316		9,666