



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Scheduled Report - public distribution

Date: 8/25/1999

GAIN Report #FR9054

## France

### Tree Nuts

### Tree Nuts Annual report

**1999**

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#### **Report Highlights:**

**The French Walnut crop in MY 1999 is expected to be of average quantity and good quality. Walnut imports from the U.S. are not expected to increase in MY 1999/2000 unless French walnut exports rise significantly and make room for imports into the domestic market.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Paris [FR1], FR

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## Executive Summary

**PRODUCTION:** French walnut production in MY 1999 is forecast to be close to the 1992 to 1998 average of 23,000MT, slightly below its 1998 level of 24,600 MT. The crop is expected to be of good quality.

**CONSUMPTION:** According to various market studies by the French Fruits and Vegetables Technical Institute (CTIFL), French walnut consumption is relatively stable, around 17,000 MT (in-shell basis). No significant change in consumption is expected for MY 1998 or MY 1999. (NOTE: the apparent variation in consumption in the PS&D reflects estimated stocks and losses that cannot be calculated due to lack of data).

**TRADE:** The MY 1999 import demand for walnuts in France is not forecast to increase significantly as the crop would be only slightly smaller than in 1998. Walnut exports are expected to increase due to the good quality of the MY 98 crop. However, French walnut exporters are worried about the price competitiveness of U.S. walnuts.

The U.S. remained France's leading supplier of in-shell walnuts in 1998, whereas Moldova and China provided the bulk of shelled imports. Germany is traditionally France's principal export market for walnuts.

**MARKETING:** French import demand for walnuts is basically linked to the size of the domestic crop. Since planted area and domestic consumption remains fairly steady, a harvest of more than 22,000 to 23,000 MT (a yield of 13-14 MT per HA), will normally decrease the demand for imports. The other variable is the kernel size of the French crop. France exports mostly large kernels, which normally makes up 25 to 30 percent of its production. When the quality and kernel size of the domestic crop is good, France is able to export larger than normal quantities if the prices are also right. This provides additional opportunities for U.S. exports of small or medium sized walnuts to France to meet domestic demand. The price competitiveness of U.S. walnuts will also be an important factor both on French and EU markets.

(NOTE: Unless otherwise specified, all tonnage data in this report are on an in-shell basis. A factor of 2 has been used to convert shelled walnuts to an in-shell basis.

## Sources

Data in this report have been gathered from the French Technical Institute for Fruits and Vegetables (CTIFL), The Ministry of Agriculture and Fisheries and the Walnut Producers' Associations of the Grenoble and Perigord regions.

## Production

### General

Walnut production is concentrated in the southwestern and southeastern regions of France. These two regions traditionally provide the bulk of the domestic crop, and virtually all of the country's walnut exports. Most of the production in other French regions is sold locally or used for on-farm consumption.

In MY 1999, France is expected to harvest an average size walnut crop, close to the 1992 to 1998 average of 23,000 MT, according to preliminary estimates by French walnut producers. Yields are slightly down from MY 1998 and there was no frost in the spring of 1999 to damage the trees or the flowers. However, some excessive rain during the blossoming period (April-May 1999) damaged flowers in the southeast region. Bacterial and fungal diseases have been reported in some orchards but, usually, use of chemicals limited the losses. On the other hand, good moisture levels during the summer led to good fruit growth and promise good if not excellent kernel quality.

Note that data in the PS&Ds have been adjusted to reflect new data available from CTIFL.

The southwest districts of Dordogne, Correze, Lot, and Lot & Garonne account for 43 percent of the French walnut production, while the southeast districts of Isere and Drome produce about 51 percent (40 percent comes from the Isere district). About 80 percent (9,000 MT) of the 1998 walnut crop in the southeast was marketed under the "Grenoble walnut" appellation of origin. Only walnuts grown in a designated area (80 percent of which is in the Isere district, and 20 percent in the Drome district) and that meet specific variety, size and quality standards can benefit from the "Grenoble walnut" appellation. Products under the appellation of origin scheme are usually perceived by consumers as products of higher quality, which then can be sold at a premium. To also be able to sell their walnuts at a premium, walnut producers in the southwest region have asked to have their products included in the appellation of origin program under the label "Noix du Périgord". They have already delimited a region which would receive the appellation of origin, set up production standards (which include authorized varieties and yields limitations), developed packaging and marketing projects. However, bureaucratic delays at INAO, the French organization which grants the appellation of origin, are likely to postpone the official authorization of the program until at least 2000.

### **Varieties**

The "Franquette" walnut variety accounts for more than 80 percent of total French walnut production. Its nearest challenger, the "Marbot" variety, is mostly used for fresh walnut production and now accounts for only seven percent of total production. The French Walnut Technical Institute is currently developing new varieties, such as "Lara", which should come into production by the year 2000. The most interesting characteristic of the new varieties is their high kernel yield (weight of kernels divided by the weight of the in-shell nuts) which, at 52 to 55 percent, is much higher than the yields of other varieties ("Franquette" is 41 to 48 percent and "Marbot" is 41 to 47 percent). The cultivation of these varieties could increase the competitiveness of the French walnut shelling industry.

With the help of the European Walnut Program, the CTIFL also developed new varieties of walnuts, such as FERNOR, that will be marketed in the near future. These new varieties will have larger yields and be able to begin production in five years, or less, after being planted (compared to the 7-10 years now required).

### **Production Subsidies**

The French Fruit and Vegetable Board (ONIFLHOR) provides French walnut growers with financial assistance to improve their production. In order to benefit from this aid, farmers must belong to a recognized producer group. Subsidies consist of grants for:

- machinery and equipment,
- planting new orchards, and
- working capital.

Apart from planting subsidies, which have a duration of 10 years, the other subsidies are more limited and are granted on a case-by-case basis. Each farmer has to provide ONIFLHOR with a viable project before receiving assistance.

Machinery companies have also benefitted from European funding programs, particularly for research and development.

## Consumption

French households usually purchase 8,000 MT to 9,000 MT of in-shell walnuts annually. Less than 2,000 MT of these are fresh, in-shell walnuts (sold from mid-September to mid-October) and slightly less than 1,000 MT are shelled walnuts (in-shell basis) for snacking and home cooking.

The utilization of shelled walnuts by the food industry is estimated at about 9,500 MT (in-shell basis). This quantity includes about 2,500 MT of dark walnut kernels for oil production, 2,500 MT of whole blond kernels for use in cheese products, and 4,500 MT for use by small bakeries, industry bakers and pastry makers.

Only one third of French households consume walnuts, with an annual per capita consumption of less than two kilograms. Walnuts are relatively expensive in France, and are mostly consumed with other nuts during holiday seasons. Along with Belgium, France is the only country in Europe where the fresh walnut market is significant.

Roughly 15 percent of the walnuts consumed in France are bought directly from farmers. Large supermarkets account for 39 percent of domestic sales, while smaller grocery stores and street vendors account for the remaining sales.

## Norms and Regulations

Apart from the Grenoble walnut which must follow the “Appellation of Origin” requirements, labeling terms on walnut packages must conform to French regulations. There are several categories:

1. “Noix écalées” are walnuts harvested before ripening and whose husk has been removed mechanically.
2. “Noix fraîche” are walnuts whose husk has fallen off naturally, with a moisture level above 20 percent.
3. “Noix demi-sèche” are walnuts with a moisture level between 12 and 20 percent
4. “Noix sèche” are walnuts with a moisture level under 12 percent

The word “EXTRA” can be used on a walnut package providing the walnuts are of the same variety, their size exceeds 27 millimeters, and the shell does not have any stain or fungi. The walnuts can be treated with sulfur dioxide (SO<sub>2</sub>), as long as the residual is under 1 milligram per KG. Whitening of the shell with chlorine is authorized if no residuals can be found in the kernel.

## Trade

As complete trade data for MY 1998 as not available as of August 1999, below are some trade tables for the September to May period:

| In-Shell walnuts imports (in MT): | Sept 1997 - May 1998 | Sept 1998 - May 1999 |
|-----------------------------------|----------------------|----------------------|
| United States                     | 218                  | 172                  |

|                    |            |            |
|--------------------|------------|------------|
| China              | 9          | 2          |
| Italy              | 6          | 18         |
| Moldova            | NEG        | 38         |
| Others not Listed  | 110        | 56         |
| <b>Grand Total</b> | <b>334</b> | <b>289</b> |

(Source French customs)

| In-Shell walnuts exports (in MT): | Sept 1997 - May 1998 | Sept 1998 - May 1999 |
|-----------------------------------|----------------------|----------------------|
| Germany                           | 4,191                | 6,123                |
| Portugal                          | 1,113                | 1,485                |
| Spain                             | 1,270                | 1,798                |
| Italy                             | 242                  | 1,066                |
| Belgium/Lux                       | 415                  | 590                  |
| Switzerland                       | 589                  | 563                  |
| Poland                            | 197                  | 223                  |
| United Kingdom                    | 145                  | 176                  |
| Others not Listed                 | 1,460                | 364                  |
| <b>Grand Total</b>                | <b>9,625</b>         | <b>12,391</b>        |

(Source French customs)

| Shelled walnuts imports (in MT): | Sept 1997 - May 1998 | Sept 1998 - May 1999 |
|----------------------------------|----------------------|----------------------|
| United States                    | 3                    | 18                   |
| Moldova                          | 2,115                | 2,791                |
| China                            | 835                  | 521                  |
| India                            | 359                  | 492                  |
| Hungary                          | 313                  | 388                  |
| Bulgaria                         | 158                  | 57                   |
| Romania                          | 119                  | 157                  |
| Poland                           | 88                   | 88                   |

|                    |              |              |
|--------------------|--------------|--------------|
| Others not Listed  | 828          | 212          |
| <b>Grand Total</b> | <b>4,821</b> | <b>4,727</b> |

(Source French customs)

| Shelled walnuts exports (in MT): | Sept 1997 - May 1998 | Sept 1998 - May 1999 |
|----------------------------------|----------------------|----------------------|
| Germany                          | 887                  | 712                  |
| Switzerland                      | 398                  | 339                  |
| Netherlands                      | 212                  | 230                  |
| Belgium/Lux                      | 175                  | 168                  |
| Portugal                         | 103                  | 119                  |
| Italy                            | 31                   | 57                   |
| Spain                            | 25                   | 49                   |
| Others not Listed                | 866                  | 127                  |
| <b>Grand Total</b>               | <b>2,701</b>         | <b>1,805</b>         |

(Source French customs)

Despite a 20 percent drop in in-shell imports due to two consecutive good crops in France, the U.S. remained France's leading supplier of in-shell walnuts in MY 1998 and will keep its leading position in MY 1998 and 1999. On the other hand, imports of shelled walnuts have remained stable. China, which used to be France's major supplier of shelled walnuts, has been surpassed by Moldova during MY 1998. Not only labor cost (which are a major factor for the price competitiveness of shelled walnuts) in Moldova is very low, but shipments are much faster than shipment from China. Importers don't need to carry stocks to meet customer's demand. The quality of the Moldovian walnuts also better suits better French users' requirements regarding size, color and taste. Shelled imports from the United States, traditionally a residual supplier of shelled kernels to France, remained low because of stiff competition from low-priced suppliers. The slightly lower crop in MY 1999 may lead to increased imports if exports ran strong, depriving the domestic market of good quality walnuts. However, one can expect the bulk of imports to remain kernels.

Generally speaking, close to 2/3 of in-shell walnut imports occurs in the November/December period while 1/3 are imported in the January/February period. There are very few imports (less than 10 percent) in the February to October period.

The bulk of shelled walnuts are imported in the December to June period. Imports from China occur between March and June and imports from India arrive from December to April.

Due to a large crop and good average quality, French in-shell walnut exports increased to virtually all destinations in MY 1998, while exports of shelled walnuts decreased. French kernels generally are not price competitive on the export

market, but French exporters sometimes are successful at promoting the higher quality of French kernels. French walnut exporters hope to increase their sales in MY 1999, due to the expected high quality of the crop. However, they are worried by the price competitiveness of U.S. walnuts in their main export markets, mainly Germany.

## Marketing

The French import demand for walnuts is primarily determined by the size of domestic production. If production drops below 20,000 MT, the need for imports grows. The United States already provides the bulk of in-shell imports. Market opportunities for U.S. walnuts in France in MY 1999 will remain limited due to a stagnant domestic demand and a large domestic production, unless French walnuts exports leave some room on the domestic market. On the other hand, French walnut importers prize the good quality of U.S. walnuts.

Trade sources warn that U.S. exporters should watch the increasing competitiveness of other walnut suppliers to France, especially from the Eastern European countries. The California Walnut Commission currently has no active export promotion program in France.

## Statistical tables

|                      |                        |         |             |         |                      |         |
|----------------------|------------------------|---------|-------------|---------|----------------------|---------|
| PSD Table            |                        |         |             |         |                      |         |
| Country              | France                 |         |             |         |                      |         |
| Commodity            | Walnuts, Inshell Basis |         |             |         | (HA)(1000 TREES)(MT) |         |
|                      | Revised                | 1997    | Preliminary | 1998    | Forecast             | 1999    |
|                      | Old                    | New     | Old         | New     | Old                  | New     |
| Market Year Begin    |                        | 10/1997 |             | 10/1998 |                      | 10/1999 |
| Area Planted         | 18900                  | 18900   | 19000       | 18400   | 0                    | 18300   |
| Area Harvested       | 12500                  | 12600   | 13900       | 12900   | 0                    | 13000   |
| Bearing Trees        | 1250                   | 1260    | 1380        | 1290    | 0                    | 1300    |
| Non-Bearing Trees    | 640                    | 640     | 510         | 550     | 0                    | 550     |
| Total Trees          | 1890                   | 1900    | 1890        | 1840    | 0                    | 1850    |
| Beginning Stocks     | 0                      | 0       | 0           | 0       | 0                    | 0       |
| Production           | 23500                  | 23500   | 28000       | 24600   | 0                    | 23000   |
| Imports              | 12500                  | 10000   | 9000        | 9500    | 0                    | 11000   |
| TOTAL SUPPLY         | 36000                  | 33500   | 37000       | 34100   | 0                    | 34000   |
| Exports              | 15500                  | 15000   | 16000       | 16000   | 0                    | 16500   |
| Domestic Consumption | 20500                  | 18500   | 21000       | 18100   | 0                    | 17500   |
| Ending Stocks        | 0                      | 0       | 0           | 0       | 0                    | 0       |
| TOTAL DISTRIBUTION   | 36000                  | 33500   | 37000       | 34100   | 0                    | 34000   |

|                     |  |  |  |
|---------------------|--|--|--|
| Import Trade Matrix |  |  |  |
|---------------------|--|--|--|

|                   |                           |        |      |
|-------------------|---------------------------|--------|------|
| Country           | France                    |        |      |
| Commodity         | Walnuts,<br>Inshell Basis |        |      |
| Time period       | Oct-Sept                  | Units: |      |
| Imports for:      | 1997                      |        | 1998 |
| U.S.              | 264                       | U.S.   |      |
| Others            |                           | Others |      |
| Moldova           | 4504                      |        |      |
| China             | 1895                      |        |      |
| India             | 874                       |        |      |
| Hungary           | 626                       |        |      |
| Romania           | 316                       |        |      |
| Poland            | 240                       |        |      |
| Bulgaria          | 346                       |        |      |
|                   |                           |        |      |
|                   |                           |        |      |
|                   |                           |        |      |
| Total for Others  | 8801                      |        | 0    |
| Others not Listed | 911                       |        |      |
| Grand Total       | 9976                      |        | 0    |

|                        |                           |        |      |
|------------------------|---------------------------|--------|------|
| Export Trade<br>Matrix |                           |        |      |
| Country                | France                    |        |      |
| Commodity              | Walnuts,<br>Inshell Basis |        |      |
| Time period            | Oct-Sept                  | Units: | MT   |
| Exports for:           | 1997                      |        | 1998 |
| U.S.                   |                           | U.S.   |      |
| Others                 |                           | Others |      |
| Germany                | 6776                      |        |      |
| Spain                  | 1418                      |        |      |
| Belgium/Lux            | 1204                      |        |      |
| Portugal               | 1437                      |        |      |
| Italy                  | 425                       |        |      |
| Switzerland            | 1656                      |        |      |
| Poland                 | 881                       |        |      |

|                   |       |  |   |
|-------------------|-------|--|---|
| United Kingdom    | 183   |  |   |
|                   |       |  |   |
|                   |       |  |   |
| Total for Others  | 13980 |  | 0 |
| Others not Listed | 1047  |  |   |
| Grand Total       | 15027 |  | 0 |