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Italy

Tree Nuts

Annual Treenuts

1999

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Report Highlights: Relatively good weather is favoring domestic almond, walnut and pistachio crops, forecast at much larger levels than last year. Production of hazelnuts, on the contrary, should be slightly lower, due the cyclical fluctuations of this cultivation. Italian imports in 1999/2000 will, therefore, be lower than in current year for both walnuts and almonds, while hazelnut exports will face strong competition from Turkey. Imports of Iranian pistachios are gradually recovering after the ban reported in 1997/98.

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SECTION I. SITUATION AND OUTLOOK

ALMONDS

PRODUCTION

General

Commercial almond production in 1999 is preliminarily forecast at 17,000 tons (shelled basis), or almost double that the poor 1998 crop. After three years in a row (1996-98), when adverse weather negatively affected crop development (in one or the other leading producing regions, Apulia and Sicily), prospects look this year much brighter for the producers. Weather development has been generally favorable, with the exception of late April, when freezing temperatures affected the trees in some areas of Apulia. Out of the total, Apulia is expected to produce some 10,000 tons and Sicily about 7,000 tons.

Crop Area

The planted area numbers in the PS&D table are those officially reported by ISTAT. (the National Institute of Statistics). However, there is a general consensus that actual planted area is much lower (estimated at 50% of the official figure), due to the continued uprooting of the oldest, least productive trees. No significant new orchards have been planted in recent years, excluding some minor cases reported in Sicily. Therefore, most traders believe that Italian almond production, in the medium-long term, should further decline.

Production Policy

Following the world market trend, domestic almond prices have declined dramatically in the past months, dropping from about 8,000 lire/kilogram (over $4.40) to the current level of about 5,000 lire (about $2.75). The anticipation of large crops in most of the major producing countries is depressing market prospects through the next marketing year.

CONSUMPTION

Relatively cheap prices of almonds are favoring domestic consumption. Some users (particularly the confectionary industry) are using, when possible, almonds in place of other nuts.

TRADE

As reported in past reports, Italy has completely lost its position as the leading almond supplier into the international market, as Italian exports have gradually decreased to current negligible levels. Imports, on the other hand, have grown, in response also to expanding domestic consumption. After the reported low domestic crops in the past three years, when imports remained on the high side (averaging about 15,000 tons, shelled basis), imports are expected to decline in 1999/2000, due to the large Italian production. As can be seen from the trade table, during September 1998-March 1999, the United States accounted for about 47 percent of Italy's total imports, overcoming Spain as leading supplier. Although the expected volume in the next marketing year will be lower, price competition between the Californian and Spanish almonds will play an important role in determining the final amount of shipments.

The current EU ad valorem customs duty for shelled almonds is 2 percent, for imports the EU-wide quota of 90,000 tons, and 4,1 percent for imports over the quota. The EU export subsidy for shelled almonds is currently set at 97 lire per kilogram.

WALNUTS

PRODUCTION

After the poor 1998 crop, this year production is preliminarily estimated at 18,000 tons, or one third larger than last year. Weather conditions have generally been good to very good, favoring also the quality of the nuts, expected to reach a larger size than in the recent past. Weather development in the next weeks, however, will be an important factor in determining both quantity and quality of the 1999 crop. Planted area, already marginal, keeps declining and most of the walnut trees are very old and low productive.

CONSUMPTION

Walnut consumption is traditionally concentrated (mainly in shell) during the Christmas season, although sales of shelled walnuts, consumed either as snacks or used as an ingredient by the confectionary industry, has increased sharply in recent years.

TRADE

Italy’s poor domestic crop significantly affected imports in 1998/99. Total walnut imports for MY 1998/99 are expected to be about 15,000 tons (in-shell basis), or 39 percent more than in the previous year. Excluding minor quantities from eastern Europe, most of the imports are Californian in-shell walnuts, which accounted for 89 percent of total Italian in-shell imports in 1997/98 and 83 percent in September 1998-March 1999. Imports, however, are expected to decline in 1999/2000, due to increased domestic supplies. The EU customs duty for in-shell walnuts is fixed at 4.7 percent, while that for shelled walnuts is set at 5.6 percent. The EU export refund for shipments to third countries is currently 141 lire per kilogram for in-shell walnuts.

MARKETING

Marketing activities are currently carried out in order to expand in-shell consumption out of the traditional winter season, as well as in favor of shelled walnuts, to be consumed as snack or as ingredient by the local confectionary industry. These activities are supported by a promotional campaign, focusing on the superior quality of Californian walnuts.

HAZELNUTS

PRODUCTION

General

Domestic hazelnut production in 1999 is forecast at 105,000 tons (in-shell basis), or 11 percent lower than last year, due to the cyclical crop fluctuation of this cultivation. Weather conditions, thus far, can be considered good, and crop quality also, in terms of nut size, is reported to be very good. As indicated in past years’ reports, domestic hazelnut production consists of long varieties such as Langa San Giovanni (sold mainly in-shell at premium prices), and round varieties, such as Gentile, Geffen and Romana, chiefly processed by the confectionary industry.

Crop Area

The leading producing regions are Campania, Latium, Piedmont and Sicily. The hazelnut industry can be considered the only vital Italian tree nut sector, although strong competition from Turkey affects both the domestic and foreign markets. Area planted to hazelnuts, unlike that of almond and walnut trees, is fairly stable and significant variation is expected in the near future.

Production Policy

Despite the relatively large domestic crop, prices of Italian hazelnuts during 1998/99, which were initially depressed, have recovered mainly due to expanded export demand. Domestic market trends in the near future, however, will continue to be affected by the marketing policy adopted by the Turkish producers' cooperative. According to our trade contacts, the Turkish authorities have decided to suspend the implementation of any support to the grower prices, which therefore are declining fast. As a result of the low prices, competition from Turkey is expected to be stronger in next marketing year. In the meantime the EU has removed any zero duty import quotas of Turkish hazelnuts: imports from Turkey, therefore, will pay the general customs duty (3.3 percent).

As reported last years, in order to favor domestic hazelnut producers, the EU is paying an aid of 15 EURO's per 100 kilograms (about $16), in-shell basis. This measure will expire at the end of next marketing year (1999/2000), but will likely be replaced by other support actions in favor of the hazelnut industry.

CONSUMPTION

Hazelnuts are mainly utilized by the domestic confectionary industry, being the main ingredient in many chocolate products. Domestic consumption is fairly stable, and could be only marginally affected by the low almond prices.

TRADE

After the dramatic drop reported in 1997/98, Italian hazelnut exports recovered substantially during 1998/99, although the final volume is not expected to reach the high level of two years ago. The main destination for Italian hazelnuts remained the EU countries (chiefly Germany) and Switzerland. Imports of shelled hazelnuts (mainly coming from Turkey), during September 1998-March 1999 declined by 41 percent compared to the same period of 1997/98, consequent to expanded domestic supplies. Imports of U.S. in-shell hazelnuts (from Oregon) dropped in current year, due to large supplies of competing nuts from Italy, as well as other EU countries (mainly Spain and France, which produce large sized hazelnuts).

The EU ad valorem tariff rate, as said before, is 3.3 percent for both in-shell and shelled hazelnuts. EU export restitutions for shipments to third countries are presently set at 114 lire per kilogram for in-shell hazelnuts and 221 lire per kilogram for shelled hazelnuts.

STOCKS

Reduced domestic supplies, as well as increased exports cut domestic hazelnut stocks to more normal levels, after the top reached at the end of 1996/97.

PISTACHIOS

PRODUCTION

This year will be an "on" year for Italian pistachio production, mostly concentrated in the slopes of mount Etna, in Sicily, where the growers drastically trim the trees every other year, in order to obtain a larger crop in the following season. Continued drought (in the producing area there has been minimal rain since November, 1998) will keep production below 1997 levels. Quality of the crop is reported to be good. Current producers' prices are at levels comparable to last year: lire 10,500 ($5.77) per kilogram for in shell pistachios (free on farm), lire 23,000 ($12.78) for shelled and peeled pistachios, and lire 25,000 ($13.89) for shelled and peeled pistachios, CIF norther European destinations.

CONSUMPTION

Sicilian pistachios are mainly utilized by the confectionary industry, rather than sold for snacks. Overall domestic pistachio consumption are recovering after the dramatic decline reported in 1997/98, generated by the aflatoxin problems in Iran. Foreign pistachios are mainly consumed as roasted and salted snacks, with only a marginal share being utilized by the processing industry.

TRADE

As outlined in past reports, EU trade statistics do not separate in-shell, shelled and peeled pistachios. However, according to our contacts, imports consist mainly of in-shell pistachios, while exports are almost entirely shelled and peeled pistachios. The EU ban on imports from Iran, due to the aflatoxin issue, favored imports from the U.S. during 1997/98, when they reached 1,449 tons. The situation, however, has reversed and now favors the Iranian pistachios, sold at a cheaper price. Imports from the U.S., therefore declined strongly in 1998/99 and are not likely to recover in 1999/2000.

The EU ad valorem customs duty for pistachios is 1.7 percent. There are no export refund for pistachios.

SECTION II. STATISTICAL TABLES

ALMONDS, SHELLED BASIS

PSD Table						
Country	Italy					
Commodity	Almonds, Shelled Basis				(HA)(1000 TREES)(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Area Planted	91879	91901	91000	90181	0	89000
Area Harvested	91158	91166	90500	89432	0	88500
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	500	500	1000	2000	500	1000
Production	11000	11000	9000	9000	0	17000
Imports	13000	15779	14500	14000	0	10000
TOTAL SUPPLY	24500	27279	24500	25000	500	28000
Exports	1000	1177	1000	1000	0	1000
Domestic Consumption	22500	24102	23000	23000	0	25000
Ending Stocks	1000	2000	500	1000	0	2000
TOTAL DISTRIBUTION	24500	27279	24500	25000	0	28000

FILBERTS, IN SHELL BASIS

PSD Table						
Country	Italy					
Commodity	Filberts, In shell Basis				(HA)(1000 TREES)(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Area Planted	70463	70479	70000	69841	0	69000
Area Harvested	69770	69669	69500	68848	0	68000
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	30000	30000	10000	15000	2000	2000
Production	77000	77000	130000	118000	0	105000
Imports	45000	52110	30000	30000	0	40000
TOTAL SUPPLY	152000	159110	170000	163000	2000	147000
Exports	27000	27337	53000	45000	0	30000
Domestic Consumption	115000	116773	115000	116000	0	115000
Ending Stocks	10000	15000	2000	2000	0	2000
TOTAL DISTRIBUTION	152000	159110	170000	163000	0	147000

WALNUTS, IN SHELL BASIS

PSD Table						
Country	Italy					
Commodity	Walnuts, In shell Basis				(HA)(1000 TREES)(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		08/1997		08/1998		08/1999
Area Planted	5000	5000	4900	4900	0	4800
Area Harvested	4250	4250	4200	4200	0	4100
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	1000	1000	1500	1000	1000
Production	21000	21000	15000	12000	0	18000
Imports	10000	10793	15000	15000	0	11000
TOTAL SUPPLY	32000	32793	31000	28500	1000	30000
Exports	1200	1066	1000	1000	0	1000
Domestic Consumption	29800	30227	29000	26500	0	28000
Ending Stocks	1000	1500	1000	1000	0	1000
TOTAL DISTRIBUTION	32000	32793	31000	28500	0	30000

PISTACHIOS, IN SHELL BASIS

PSD Table						
Country	Italy					
Commodity	Pistachios, In shell Basis				(HA)(1000 TREES)(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		08/1997		08/1998		08/1999
Area Planted	4000	4000	4000	4000	0	4000
Area Harvested	4000	4000	4000	4000	0	4000
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	500	500	2000	2000	500	500
Production	5000	5000	100	100	0	4500
Imports	9000	9661	13000	13000	0	14000
TOTAL SUPPLY	14500	15161	15100	15100	500	19000
Exports	3400	2642	1600	1000	0	1500
Domestic Consumption	9100	10519	13000	13600	0	15000
Ending Stocks	2000	2000	500	500	0	2500
TOTAL DISTRIBUTION	14500	15161	15100	15100	0	19000

SHELLED ALMONDS				
	1996/97	1997/98	Sep97-Mar98	Sep98-Mar99
IMPORTS				
Spain	6,763	8,144	5,631	3,960
Germany	943	474	362	434
France	164	302	190	75
Greece	329	225	168	55
Other EU	197	170	116	80
Total EU	8,396	9,315	6,467	4,604
U.S.	5,376	5,922	3,818	4,346
Other non-EU	535	188	132	235
TOTAL	14,307	15,425	10,417	9,185
EXPORTS				
Belgium-Lux	40	23	17	33
France	368	415	191	174
Netherlands	25	19	14	13
Germany	218	206	105	56
Other EU	171	188	134	70
Total EU	822	851	461	346
Other non-EU	142	194	116	103
TOTAL	964	1,045	577	449

IN-SHELL WALNUTS				
	1996/97	1997/98	Sep97-Mar98	Sep98-Mar99
IMPORTS				
France	859	308	255	836
Germany	61	12	7	56
Other EU	50	61	48	16
Total EU	970	381	310	908
India	100	0	0	136
Chile	40	62	0	46
U.S.	10,596	7,382	7,103	9,154
Romania	90	217	196	127
Bulgaria	443	187	187	267
Other non-EU	409	93	93	424
TOTAL	12,648	8,322	7,889	11,062
EXPORTS				
France	2	28	23	26
Belgium Lux	95	155	121	86
Germany	76	156	144	167
U.K.	79	60	58	22
Spain	29	23	23	0
Other EU	8	29	32	53
Total EU	289	451	401	354
Other non-EU	99	86	86	128
TOTAL	388	537	487	482

SHELLED WALNUTS				
IMPORTS	1996/97	1997/98	Sep97-mar98	Sep 98-Mar99
Total EU	231	147	104	190
Romania	104	53	46	63
U.S.	322	268	193	286
Chile	50	38	25	24
India	94	94	54	83
Other non-EU	309	265	208	292
TOTAL	1,120	865	630	938
EXPORTS				
Total EU	145	160	133	84
Other	48	25	22	34
TOTAL	193	185	155	118

SHELLED HAZELNUTS				
	1996/97	1997/98	Sep97-Mar98	Sep98-Mar99
IMPORTS				
Germany	67	105	66	1
Other EU	444	696	353	209
Total EU	511	801	353	210
U.S.	0	153	93	20
Turkey	15,315	20,939	18,571	10,136
Other non-EU	553	462	94	1,006
TOTAL	16,379	22,355	19,177	11,372
EXPORTS				
France	4,148	1,816	1,332	1,282
Germany	11,300	4,361	3,116	7,737
Other EU	3,592	1,947	1,496	1,843
Total EU	19,040	8,124	5,944	10,862
Switzerland	3,485	2,454	1,593	1,775
Other non-EU	1,751	1,181	849	1,082
TOTAL	24,276	11,759	8,386	13,719

IN-SHELL HAZELNUTS				
IMPORTS	1996/97	1997/98	Sep97-Mar98	Sep98-Mar99
Germany	186	58	58	22
Other EU	2	24	24	11
Total EU	188	32	82	33
Turkey	80	38	38	0
U.S.	441	2,980	2,813	225
Georgia	74	0	0	0
Other non-EU	102	412	205	343
TOTAL	885	3,512	3,138	601
EXPORTS				
France	507	446	397	425
Germany	296	58	58	641
U.K.	425	276	210	447
Denmark	131	108	108	52
Other EU	682	576	551	417
Total EU	2,041	1,464	1,324	1,982
Norway	422	434	434	406
Other non-EU	2,694	176	161	355
TOTAL	2,476	2,074	1,919	2,743

PISTACHIOS: IN-SHELL IMPORTS

IN-SHELL IMPORTS				
	1996/97	1997/98	Sep97-Mar98	Sep98-Mar99
Greece	125	119	71	23
Germany	1,750	3,239	2,055	2,217
Other EU	606	1,218	641	687
Total EU	2,418	4,576	1,660	2,927
Iran	12,011	2,868	1,660	4,723
U.S.	118	1,449	795	248
Turkey	500	765	754	24
Other non-EU	5	3	1	2
TOTAL	15,052	9,661	5,977	7,920

PISTACHIOS: SHELLED AND PEELED EXPORTS

SHELLED AND PEELED EXPORTS				
	1996/97	1997/98	Sep97-Mar98	Sep98-Mar99
France	75	237	158	106
Germany	157	282	222	49
Other EU	146	336	324	23
Total EU	368	855	704	178
Japan	27	28	17	19
Switzerland	22	41	25	35
Russia*	29	70	53	0
Croatia*	71	39	31	25
Israel*	227	41	37	0
Bosnia*	34	6	5	5
Slovenia*	33	18	17	19
Other non-EU	52	14	3	4
TOTAL	863	1,112	892	285

* In-shell Pistachios