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Report Highlights:

Post forecasts Ukraine's walnut production at 100,500 metric tons (MT) for marketing year (MY) 2025/26, similar to Post's previous MY estimate. Household production continues to fall as older, non-productive trees are being cut down. Total areas for industrial growers are decreasing due to the lack of long-term investment precipitated by the Russia-Ukraine war, as well as producers switching to annual crops that offer faster returns on investment. MY2024/25 exports were low due to quality issues in households caused by lack of moisture. Current weather conditions suggest the MY2025/26 crop might feature similar quality issues. Ukrainian walnut exporters are sandwiched between large global suppliers, including the United States, which set the bar high in terms of quality standards. Under these circumstances, household producers, which generate the bulk of walnut output, cannot deliver sufficient quality to readily compete.

CY – Calendar Year
ha – Hectare
GOU – Government of Ukraine
MEEAU – Ministry of Economy, Environment, and Agriculture of Ukraine
MY – Marketing Year
MT – Metric Ton
NDVI – Normalized Difference Vegetation Index
PSD – Production, Supply, and Distribution
SSSU – State Statistics Service of Ukraine

Commodities:
Walnuts, In shell Basis

Production

Overall walnut production in Ukraine is in decline, featuring a constant decrease of bearing tree area by households (Figure 1). The majority of walnuts harvested in Ukraine are produced by individuals or small private family farms harvesting trees on their land or in the vicinity of their farms. This category of producers is not typically concerned with the application of fertilizers and agrochemicals, and they use manual labor for the harvesting and shelling of walnuts. Harvested walnuts are typically sold to intermediaries, who assemble batches designated for export, or stored in-house in case of low demand or unfavorable prices. According to industry, family farms are known for the unstable quality of their product, which pushes them into the low-level segment for foreign buyers.

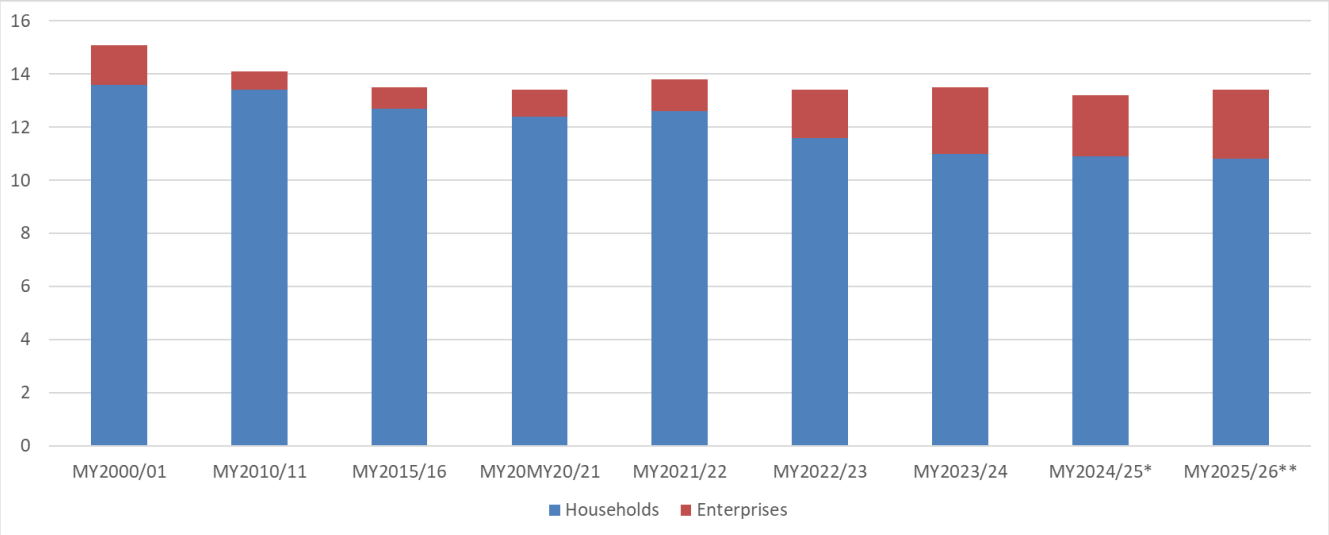
The SSSU discontinued publishing official production volumes and areas for households for CY2024, stating, “estimates of indicators for the category ‘households’ are not provided due to insufficient data quality as well as the lack of statistical information and administrative data sources necessary for calculations.” Production numbers for households from MY2024/25 onward are Post’s own estimates. These are based on the assumption of the continued downward area trend for this category. Post’s yield estimates for households are based on NDVI dynamics for a specific MY.

Post estimates total walnut production area for small, private family farms at 11,500 ha in CY2025. In CY2023, the last year for which SSSU data is available, the total area for this category was 12,100 ha. Post forecasts this downward production trend will continue in the medium to long term, as aging trees lose their productivity and are chopped down. Households still hold a dominant position in production volumes. Post estimates this category accounted for 80 percent of the bearing tree area in CY2025. Most of Ukraine’s household walnut producers do not treat their trees for diseases, apply fertilizers, or cut their branches in a way that ensures maximum output. Some regions, especially in central and southern Ukraine, require irrigation to achieve expected yields, while orchards in northern Ukraine generally experience lower yields due to the cooler climate.

SSSU reported CY2024 numbers for enterprises. Total walnut planted area is 3,500 ha, a 19 percent decrease compared to the previous CY, including bearing tree area at 2,300 ha, an 8 percent decrease. SSSU reports walnut production at 3,810 MT, a 25 percent increase against the previous CY.

Note: The MY for Ukraine starts in September and ends in August; for example, MY2024/25 refers to the period between September 2024 and August 2025.

Figure 1: Area of Bearing Trees in Ukraine, 1000 ha



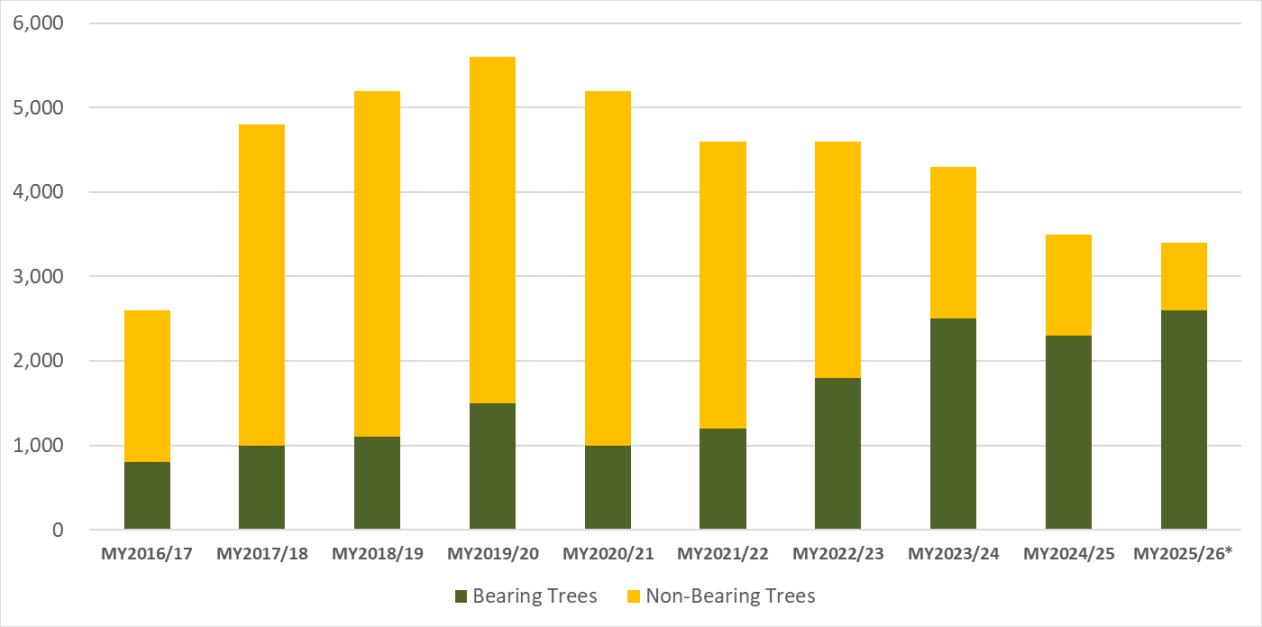
Source: SSSU
* Post's estimate for households
** Post's estimate both for households and enterprises

Profitability of walnut production at the household level largely depends on whether its members have the time and ability to participate in basic processing, i.e., shelling their walnuts, which is usually done by hand. According to some sources, walnut halves were purchased at 10 times the price of in-shell walnuts and walnut pieces at 6 times in 2024. The massive price spread between shelled and in-shell is the result of a buyer bearing processing costs. The cost of processing is tied to labor costs that have increased since the start of the Russia-Ukraine war, as the male population is being drafted into the army. Another risk factor is that a buyer is forced to absorb the costs of low-quality kernels from walnuts bought in-shell. Some sources suggest CY2024 walnut quality for households plummeted, featuring numerous low-quality kernels and even empty shells, because of a lack of moisture. The low quality for this category might be the primary reason for the steep drop in exports for MY2024/25.

The establishment of commercial production farms can be attributed to pre-full-scale invasion state financial support for orchard and berry producers provided by the Government of Ukraine (GOU) and the establishment of the agricultural land market in Ukraine. The average size of these commercial orchards ranges from 20 to 50 ha. Industry reports confirm this growth trend in commercial walnut farms during the pre-war period. The reports note that farmers were investing in the development of high-yield commercial orchards consisting of multiple walnut varieties, installing irrigation systems (some data suggest over 90 percent of commercial gardens are irrigated), and applying fertilizers. In southern Ukraine, seedlings could be planted in autumn, but in northern Ukraine, it is still advisable to plant in spring to avoid winter frost damage for newly planted trees. Walnuts are typically harvested from the end of September through the end of October. Sorting for walnuts in Ukraine is predominantly done manually to ensure the quality and consistency of product batches.

Walnut production by agricultural enterprises has also been declining since the start of the Russia-Ukraine war in 2022 (Figure 2). According to SSSU data, commercial growers scaled down their total walnut areas to 3,500 ha for MY2024/25, from a peak area of 5,600 ha in MY2019/20. The most immediate impact was the loss of orchards grown in Russia-occupied territories in southern Ukraine, which some sources suggest was over 300 ha. In addition, some production areas located close to the front lines have become non-viable. A set of economic reasons triggered the area decrease, predominantly for non-bearing trees, from 2023 onwards. Some producers decided to scrap their investments in recently planted trees, which would start generating returns in four to five years, in favor of using these areas for the production of other crops, predominantly grains and oilseeds, that generate cash flow on an annual basis. Walnut production is labor-intensive, especially harvesting and tending trees. The rural population also decreased due to mobilization to the army and out migration. This increased costs for labor recruitment and retention, translating into increased production costs that might have pushed some producers out of business. In general, it remains challenging for professional growers to compete with low-end products produced by households.

Figure 2: Structure of Walnut Areas for Enterprises, ha

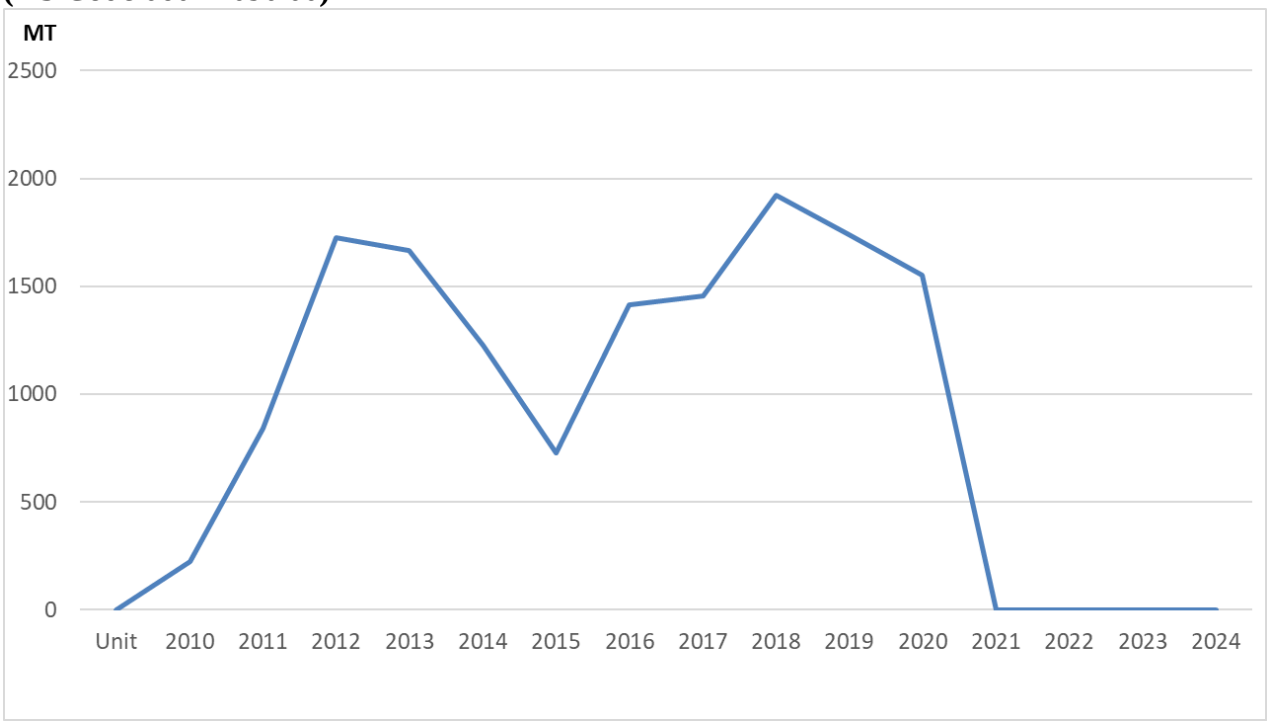


Source: SSSU
* FAS/Kyiv estimate

Under such uncertainty, professional growers are also not making long-term investments on a significant scale. The initial investment required to establish an orchard ranges from $1,200 to $1,800 per ha. This is supported by the import dynamics of fruit trees (Figure 3). Note that FAS/Kyiv believes imports under HS Code 0602 2090 00 also include imported walnut trees.

In general, producers prefer Ukrainian-origin seedlings as they are more suitable for local climatic conditions. The Ukrainian State Registry of Plant Varieties (in Ukrainian) currently lists 44 different walnut varieties for CY2025, including 41 of Ukrainian origin and 3 Moldovan.

Figure 3: Imports of Edible Fruit or Nut Trees, Shrubs, and Bushes, to Ukraine (HS Code 0602 2090 00)



Source: Trade Data Monitor, LLC (TDM)

According to industry, commercial walnut production yields and quality have increased. Most commercial farmers did not consider installing shelling equipment when they were establishing their orchards, as they were relying on the opinions of suppliers of walnut seedlings, who were promising unrealistically high prices for in-shell walnuts to benefit their own sales. This resulted in commercial growers competing with family farms, which had lower production costs and could therefore sustain lower asking prices in the in-shell market. Industry notes professional walnut producers started buying shelling equipment despite the war in order to improve profit margins, as labor costs are growing, and to shell and pack their own product to avoid competition at the crowded, low-end in-shell market. Ukrainian Customs data suggests growth in the value of imports of machinery for the preparation of fruits, nuts, or vegetables (HS Code 843860) both in CY2023 and CY2024. Note this HS Code includes a multitude of equipment intended for processing a large spectrum of horticultural products.

Some growers are expanding beyond processing, entering the retail packaging market and developing their own brands to avoid competition with household growers which supply in bulk. Organic production is gaining popularity in Ukraine as a means of increasing margins through sales on international markets. In 2025, the Ukrainian Tree Nut Association reported (in Ukrainian) that the first Ukrainian walnut farmer officially registered as an organic producer, meeting both Ukrainian and EU requirements.

There is no publicly available comprehensive price information for domestic wholesale walnuts. Post uses export prices by the State Customs Service of Ukraine to understand dynamics and price spreads. For MY2023/24, there was a 3.1-times average price spread between shelled and in-shell walnuts, which

is comparable to the 3.7 spread for MY2022/23. This spread narrowed to 2.1 for most of MY2024/25, which suggests issues with quality, namely exporters were struggling to get high-quality batches for further processing and export.

In general, when the export price spread exceeds the 2.3 conversion ratio from in-shell to shelled, it opens an opportunity to make additional profit on initial processing (shelling) of walnuts by professional growers. The pre-war trend was professional growers were actively applying for long-term banking loans to establish vertically integrated production clusters that included an orchard, processing facility with a packaging unit, and a certified quality control lab.

Commercial growers also sell walnut wood, which is used for local furniture manufacturing; some wood is exported. In order to harvest wood, they plant additional trees during orchard development, which are chopped down for lumber after a few years.

Other products related to walnut value-added production are treated leaves for medicinal use and walnut (green/young nut) preserves. In recent years, Ukrainian consumers' demand for walnut oil has been increasing, with the EU importers supplying the bulk of the market. There is also some domestic demand for walnut oil in the premium segment of natural cosmetic products.

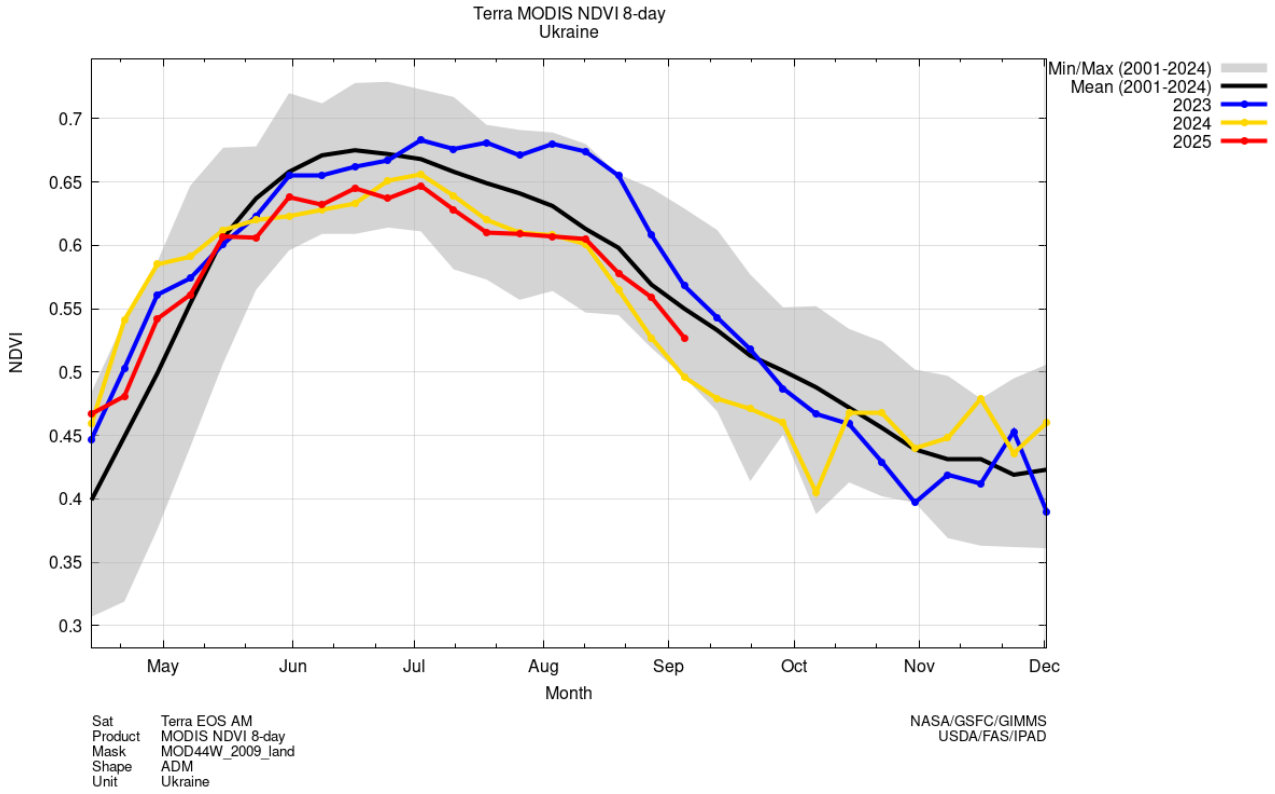
Post's MY2025/26 production forecast is based on the following assumptions:

- A slight decrease in the bearing tree area in the household sector as old trees are retired and households are generally reluctant to plant new ones.
- A slight increase in bearing tree area for enterprises as non-bearing trees planted earlier reach maturity. This will lead to an increase of total bearing tree area (enterprises and households combined) for MY2025/26 compared to the previous MY.
- There will be no increase in total production areas by enterprises. Establishing new gardens is a long-term investment deemed risky during the Russia-Ukraine war. Post estimates a continued shrinkage of total tree area for enterprises in the medium-term (3 to 5 years).

Despite the abovementioned assumption about a relatively stable bearing tree area, Post forecasts MY2025/26 planted area at 14,900 ha, a 3 percent decrease compared to Post's MY2024/25 estimate (15,400 ha) based on the sunsetting of non-bearing trees both by households and enterprises.

For this report, Post applies different approaches for yield estimates for enterprises and households. Historically, yields for enterprises do not fluctuate, as the majority of these areas are under irrigation, which minimizes the impacts of the low precipitation. On the contrary, yields for households show fluctuation patterns similar to annual commodity crops; therefore, Post estimates household yield based on the normalized difference vegetation index (NDVI) index. NDVI is a standardized measure of healthy vegetation. High NDVI values indicate healthier vegetation, and low NDVI values indicate low or no vegetation. Based on the year-to-year comparison of NDVI for Ukraine, MY2025/26 growing conditions were below average and similar to ones for MY2024/25 (Figure 4).

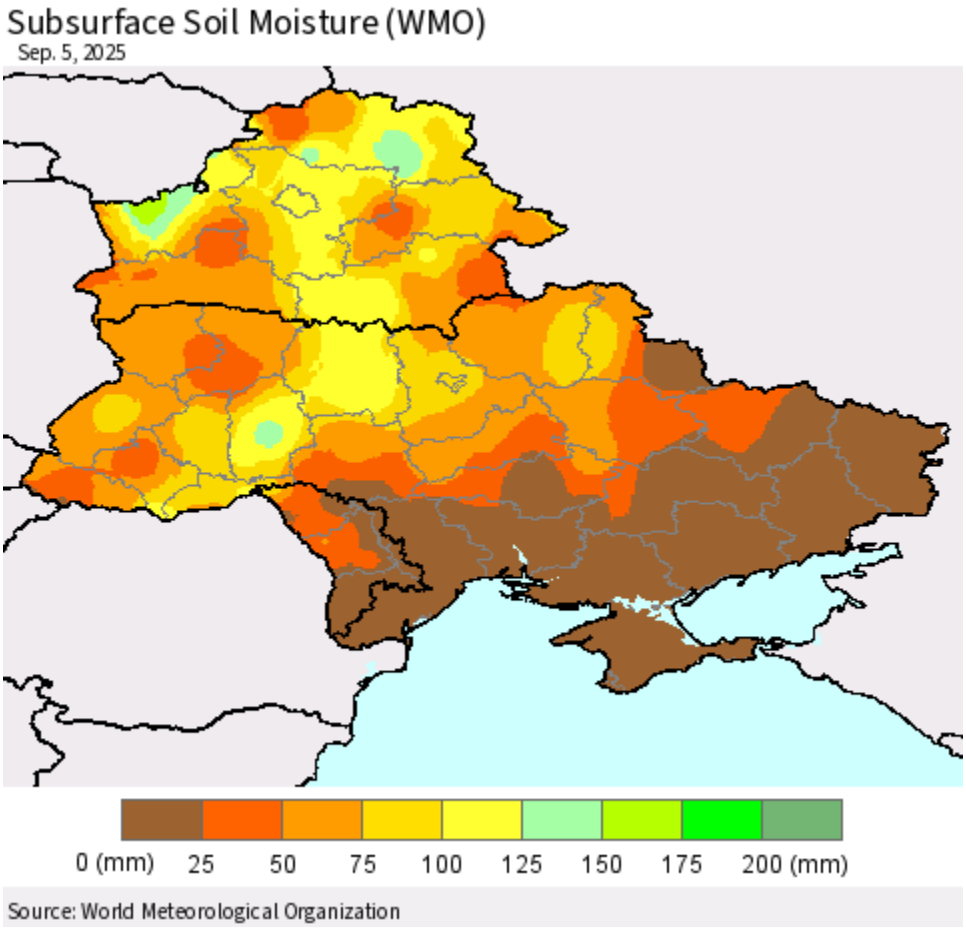
Figure 4: NDVI Dynamics for Ukraine



Source: NASA/USDA

The available information about subsurface soil moisture does not hint at an improvement in growing conditions for first half of September 2025 (Figure 5).

Figure 5: Sub-Surface Soil Moisture in Ukraine



Based on the observed climate conditions and areas, Post forecasts MY2025/26 walnut production at 100,500 MT, similar to the previous MY. Based on similar trends for MY2024/25, Post assumes sub-standard quality for a number of batches coming from households that would impact their ability to meet export criteria.

Consumption

According to United Nations High Commissioner for Refugees, approximately 5.7 million Ukrainians, equivalent to over 14 percent of the pre-2022 population, have fled the country at the time of report writing.

Post uses MY2020/21 as a benchmark to approximate total walnut consumption (domestic walnuts and imported tree nut varieties), with subsequent MY numbers derived from the number of refugees who have left Ukraine. Post estimates domestic walnut consumption as total tree nut consumption less the volume of imported tree nuts. Domestic and imported tree nuts are assumed as interchangeable in terms of consumption patterns for this report.

Ukraine started amassing abnormal ending stocks at the beginning of the war in MY2021/22 due to degraded logistics. At least some of these stocks were stored in suboptimal conditions by households or by small intermediaries that did not have dedicated storage. Post assumes some of the ending stocks were lost due to waste.

Based on the abovementioned assumptions, Post estimates domestic walnut consumption at 46,500 MT for MY2023/24, 77,700 MT for MY2024/25, and 65,600 MT for MY2025/26. The growth in consumption both for MY2024/25 and MY2025/26 is associated with increased waste (i.e., households discarding their substandard in-shell walnuts due to lack of demand) rather than an increased human consumption. Note for the purpose of this report, the "Domestic Consumption" line in the PSD balance (Table 2) aggregates both human consumption and waste of walnuts harvested by households.

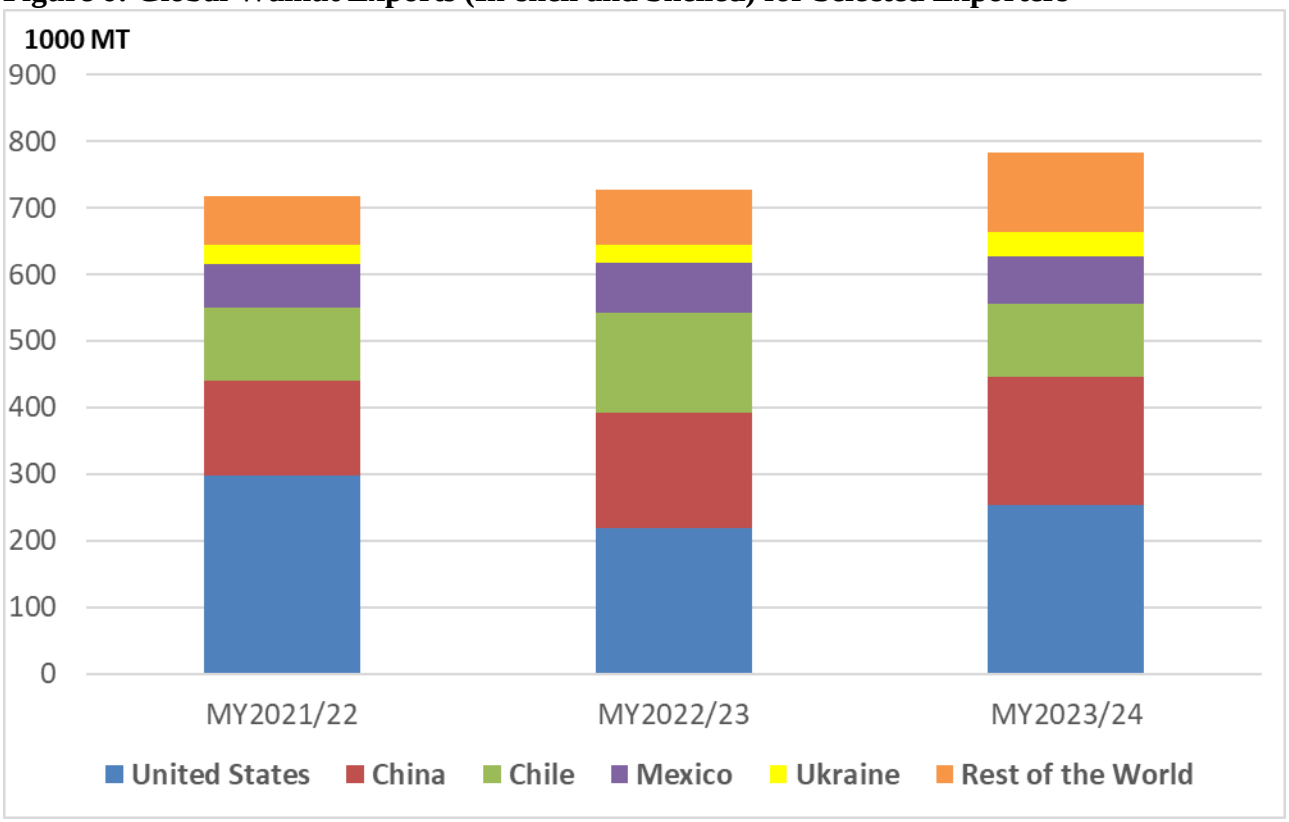
Walnuts are often sold in bulk, both shelled and in-shell, in farmers markets. Local food stores prefer to carry pre-packaged walnuts; however, in this case, the price of walnuts is only slightly lower than that of almonds or cashews, which Ukrainian consumers often consider premium-quality nuts. Despite this price similarity for packaged walnuts, consumers continue to view walnuts as lower-priced nuts. Many Ukrainians have walnut trees in their backyards that provide sufficient annual supplies for a family. Thus, local consumers are not keen on purchasing packaged walnuts over other tree nuts. Ukrainian consumers purchase almonds and other imported tree nuts, but locally grown walnuts and hazelnuts are the "go to" nuts for day-to-day food choices.

The confectionery industry is another market segment for walnuts. Producers of chocolates, sweets, desserts, bakery products, and snacks are the most reliable users of walnuts in the local market. For high-end food products, processors often import walnuts from the EU.

Trade

According to industry, the gradual decline in walnut exports from Ukraine is associated with the generally low product quality. A large share of walnut exports is sourced as small batches originating from myriad domestic households. Thus, Ukrainian exporters have not been able to form large exportable batches with consistent quality. Ukraine's competitors, including the United States, China, Chile, and Mexico, actively meet the demand in the high-end segment, and Ukraine sees stagnant global market share despite the growth in global walnut exports (Figure 6).

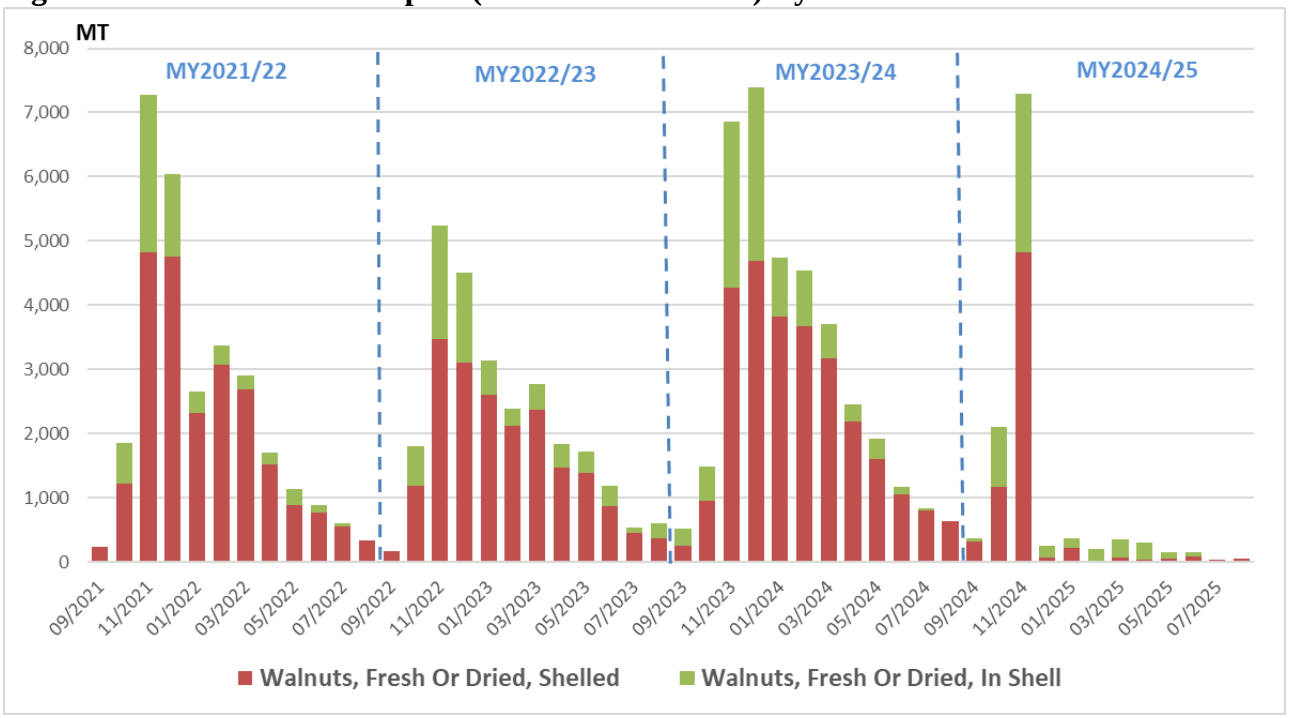
Figure 6: Global Walnut Exports (In-shell and Shelled) for Selected Exporters



Source: TDM

Export dynamics suggest MY2024/25 was atypical, both in terms of export volumes and their distribution over the MY (Figure 7). It is likely that Ukrainian exporters shipped the bulk of their exportable stocks in October and November 2024. This corresponds to the information about household product quality issues. Post assumes industry operated with minimal ending stocks in MY2022/23, MY2023/24, and MY2024/25.

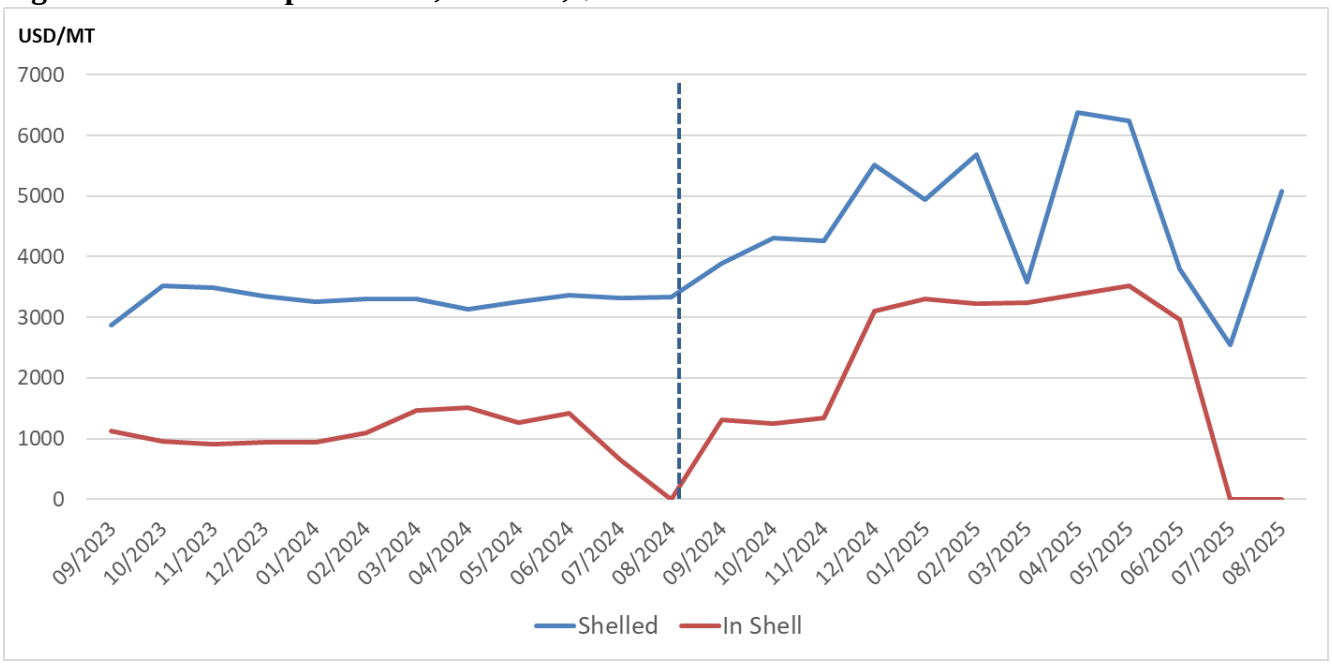
Figure 7: Ukraine Walnut Export (In-shell and Shelled) Dynamics



Source: TDM

In-shell price dynamics further suggest minimal MY2023/24 ending stocks (Figure 8). The steep and prolonged increase of in-shell prices from December 2024 until June 2025 might indicate a deficit of in-shell walnuts with satisfactory quality parameters.

Figure 8: Walnut Export Prices, Ukraine, $/MT



Source: TDM

Post forecasts walnut exports at 35,000 MT for MY2025/26, a 67 percent increase compared to Post's previous MY estimate of 20,900 MT. This is based on the Post's expectations for better MY2025/26 quality parameters by households due to NDVI dynamics for the current CY (Figure 4). MY2024/25 exports were at their lowest levels for the past 15 years, which could be attributed to the lack of available export-grade stocks on the local market by households.

Most Ukrainian walnuts are exported shelled. Ukraine exported over 6,900 MT of walnuts in MY2024/25, a 74 percent decrease compared to the same period in the previous year. Over 81 percent of this volume (5,600 MT) was supplied to the EU, a 71 percent decrease over the previous year.

In-shell walnut exports were over 4,600 MT in MY2024/25, a 49 percent decrease against the same period in the previous year. The major markets were the EU with 1,200 MT (14 percent increase), Azerbaijan with 1,100 MT (46 percent decrease), and Iraq with 900 MT (71 percent decrease).

According to industry, the average conversion rate between shelled to in-shell walnuts in Ukraine ranges between 33 to 38 percent. Industry expects this ratio to improve in the future with the greater development of commercial production. Conversion rates for the recently established walnut orchards average around 55 percent; however, the share of these farms is still relatively small, so the impact on the national average is minimal.

Ukraine usually does not import any substantial volumes of walnuts due to the strong domestic production that exceeds domestic consumption. Notable exceptions are imports of high-quality shelled walnuts used in snacks and confectionery. This volume fluctuates around 40-60 MT annually. Imports for MY2024/25 were significantly lower at 12 MT, which might suggest food producers changing their recipes based on consumer preferences.

Ukraine imports a wide variety of tree nuts, with almonds, coconuts, cashew, and hazelnuts comprising the majority (Table 1). Post considers these products interchangeable for the purpose of this report and monitors imports to better estimate domestic walnut consumption. Consumption, and therefore imports, of these tree nuts, are mostly associated with purchases by middle-income consumers. At the beginning of the Russia-Ukraine war, imports took a nosedive, with total tree nuts imports falling to 12,800 MT in MY2021/22. In MY2023/24, there was a 5 percent decrease in imported tree nuts compared to the previous year (13,600 MT). MY2024/25 trade data suggests imports (13,500 MT) were similar to MY2023/24.

Table 1: Select Imports of Tree Nuts into Ukraine

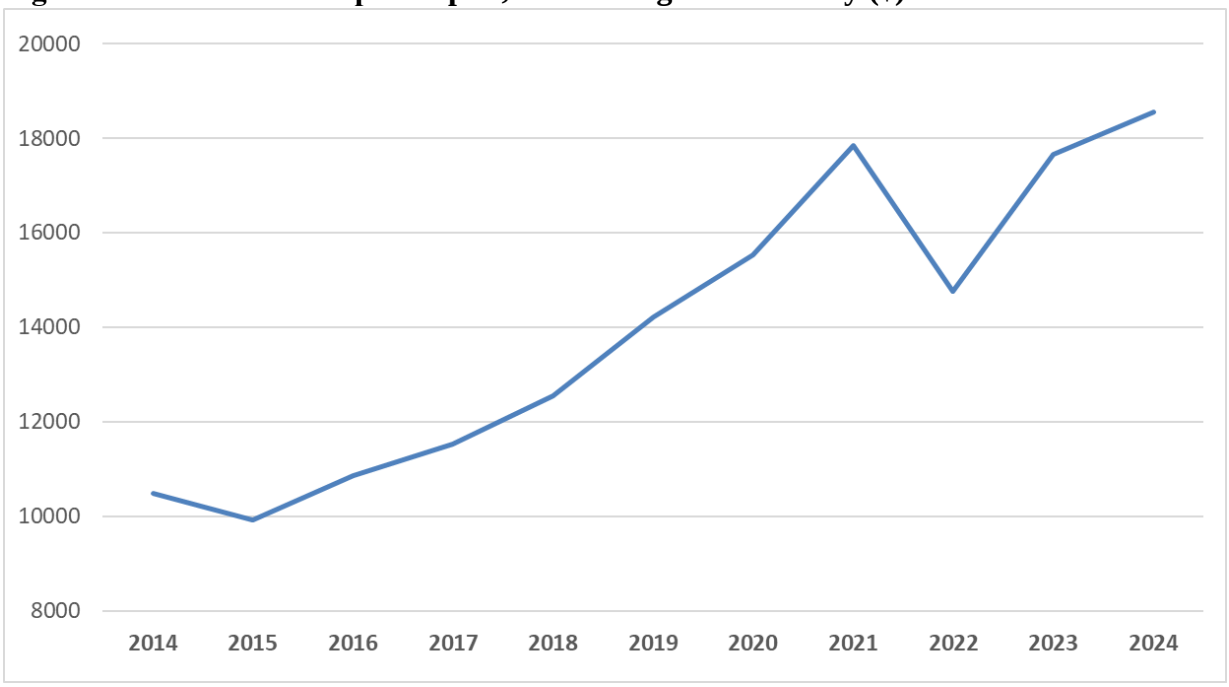
HS Code	Description	Unit	MY 2022/23 (Sep 22-Aug 23)	MY 2023/24 (Sep 22-Aug 23)	MY 2024/25 (Sep 24-Aug 25)	Change MY2024/25 to MY2023/24
200819	nuts (other than peanuts (ground-nuts)), and other seeds, including mixtures, prepared or preserved, nesoi	T	4,758	5,115	5,270	3.03
		1000 USD	34,344	37,857	44,825	18.41
080212	almonds, fresh or dried, shelled	T	2,216	2,829	3,277	15.84
		1000 USD	11,722	14,106	17,282	22.51
080111	coconuts, dessicated	T	2,132	1,920	2,186	13.85
		1000 USD	4,386	3,746	5,983	59.72
080132	cashew nuts, fresh or dried, shelled	T	1,679	1,225	1,179	-3.76
		1000 USD	11,261	7,544	7,963	5.56
080222	hazelnuts or filberts (corylus spp.) fresh or dried, shelled	T	865	869	844	-2.88
		1000 USD	4,731	5,552	5,306	-4.44
080119	coconuts, other than dessicated	T	575	571	595	4.20
		1000 USD	672	767	902	17.59
080211	almonds, fresh or dried, in shell	T	1,848	799	67	-91.61
		1000 USD	9,420	3,981	439	-88.96
080112	coconuts, in the inner shell (endocarp), fresh or dried	T	59	81	58	-28.40
		1000 USD	166	240	162	-32.60
080251	pistachios, in shell, fresh or dried	T	163	103	21	-79.61
		1000 USD	1,418	891	188	-78.96
080232	walnuts, fresh or dried, shelled	T	67	49	12	-75.51
		1000 USD	255	152	72	-52.66

Source: TDM

The rebound of Ukraine's GDP per capita after the full-scale Russian invasion in 2022 continued through 2024 and is forecasted to plateau in 2025 (Figure 9). Therefore, Post estimates MY2025/26 tree nut imports by volume similar to the previous MY, as imports are closely aligned with consumer

spending. This translates into continues pressure on domestic consumption of Ukrainian walnuts for both MY2024/25 and MY2025/26.

Figure 9: Ukraine's GDP per Capita, Purchasing Power Parity ($)



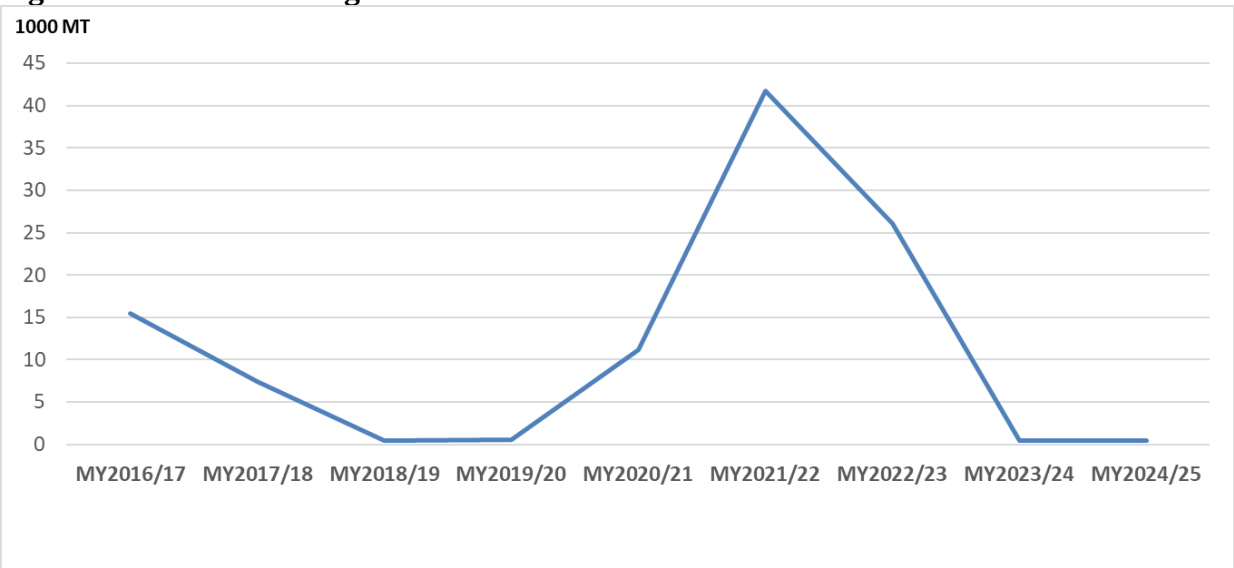
Source: World Bank

Stocks

Walnut stocks are difficult to calculate because large quantities are still produced by private family farms that do not report stocks. Unless these products are exported, there is no statistical trace of stocks or production.

Ukrainian walnut producers and exporters had occasionally amassed stocks before CY2022, but this was mostly due to unfavorable prices or quality specifications on specific export markets, forcing exporters to wait. The full-scale Russian invasion in CY2022 (MY2021/22) resulted a massive spike in ending stocks due to logistical issues on Ukraine's border with the EU (Figure 10). According to Post estimates, the following two consecutive MYs saw stocks gradually depreciate in part because of the rebound in exports and in part due to the loss of in-shell walnuts stored in improper conditions by households. Based on aforementioned reported walnut quality issues and the sudden drop of exports, Post estimates minimal ending stocks both for MY2023/24 and MY2024/25.

Figure 10: Walnut Ending Stocks in Ukraine



Source: FAS/Kyiv estimates

Policy

Due to the Russia-Ukraine war, the GOU cancelled all classic support programs for Ukrainian agriculture, including compensation payments to walnut growers (see GAIN Report UP2022-0060 for more details about this program). However, the GOU updated Resolution #738 which offers governmental grants for developing orchards up to 25 ha. The maximum grant available for a single enterprise is UAH 10,000,000 ($241,000) and not over UAH 400,000 ($9,600) per ha.

In May 2024, Ukraine adopted two new laws setting minimum export prices for some agricultural commodities, including tree nuts (HS Codes 0802 31 and 0802 32). The GOU published Resolution #944 (in Ukrainian), setting necessary mechanisms and administrative procedures. MEEAU updates the relevant minimum prices on its official web page (in Ukrainian) on monthly basis.

Table 2: Production, Supply, and Distribution Data Statistics

Walnuts, Inshell Basis	2023/2024		2024/2025		2025/2026	
Market Year Begins	Sep 2023		Sep 2024		Sep 2025	
Ukraine	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	0	16400	0	15400	0	14900
Area Harvested (HA)	0	16400	0	15400	0	14900
Bearing Trees (1000 TREES)	0	3250	0	3190	0	3220
Non-Bearing Trees (1000 TREES)	0	640	0	490	0	340
Total Trees (1000 TREES)	0	3890	0	3680	0	3560
Beginning Stocks (MT)	13260	13260	9360	480	0	510
Production (MT)	100000	106120	100000	98640	0	100500
Imports (MT)	200	137	100	28	0	50
Total Supply (MT)	113460	119517	109460	99148	0	101060
Exports (MT)	72100	72537	80000	20938	0	35000
Domestic Consumption (MT)	32000	46500	26500	77700	0	65600
Ending Stocks (MT)	9360	480	2960	510	0	460
Total Distribution (MT)	113460	119517	109460	99148	0	101060
(HA), (1000 TREES), (MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Note: export and import numbers in the PSD table are in-shell, which is calculated by multiplying shelled walnut exports or imports (HS Code 080232) by 2.34 and adding in-shell walnut exports or imports (HS Code 080231)

Attachments:

No Attachments