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Global Agricultural Information Network

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India

Tree Nuts Annual

2013

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Report Highlights:

Post expects that Indian almond imports will decline for a second consecutive year as higher prices inhibit demand. Almond imports will be upwards of 63,000 metric tons (MT) (in-shell basis) in marketing year (MY) 2013/14 (August/July), a five percent decrease over the previous year and a 16 percent decrease over MY2011/12. Indian walnut production is forecast at 40,000 MT (kernel weight basis), an increase of 11 percent over the previous year. Rising domestic consumption will cap walnut exports while encouraging imports to augment domestic supply.

Commodities:

Almonds, Shelled Basis

Production:

India's almond production for MY 2013/14 (August/July) is forecast at 1,100 tons (kernel weight basis) due to a slack in the production cycle. Indian almonds are primarily grown in Kashmir and Himachal Pradesh. Yields are typically low and range between 1,000 -1,500 nuts per tree per year. Shelling rates generally vary from 20 to 30 percent for hard shell varieties to about 40 percent for thin-shelled varieties.

Consumption:

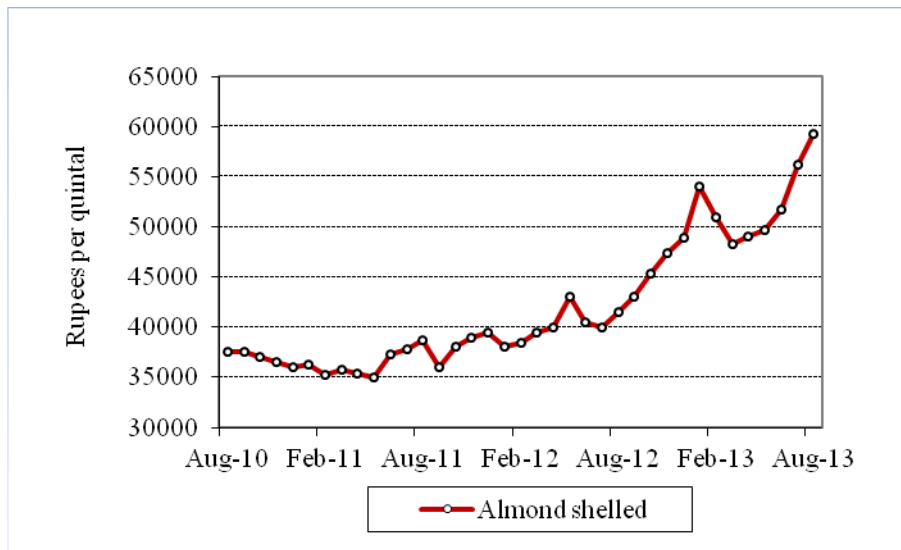
Anticipating tight supplies and consequent effective demand contraction due to higher prices, the Indian almond consumption for MY 2013/14 is expected to grow moderately to 75,000 MT, up seven percent over the previous year; almost at half the pace of normal consumption in India. While average almond prices in MY 2012/13 were up 22 percent over the previous year, consumption nevertheless grew as competing nuts were relatively expensive. India's growing population and expanding middle class continue to support consumption of dried fruits and nuts. Indian demand for nuts typically peaks during the festive season, which runs from September to January. Besides the traditional non-pareil, Indian consumers tend to buy almonds from different origins, indicating openness to trying new varieties.

Although almonds are traditionally consumed in India, there is a growing perception among Indian consumers of the nutritional and health benefits associated with almonds. As a result, food processors use more almonds in a broader variety of product categories, to include snack foods, health foods, and confections. Indian consumers tend to think of almonds as a high energy food, well suited for children, physically active people and recovering patients. Moreover, there is also a growing demand for lower quality almond kernels used for oil extraction by the cosmetic and health care product producers. Historically, Indian consumers have long indicated a preference for Californian non-pareil almonds due to price sensitivity (Table 4), size, uniform 'eye' shape and sweetness. Australian non-pareil and carmel varieties also account for a growing segment of the Indian market. Iranian varieties like Mamra and Qumi are popular in the western and northwestern regions of India (e.g. Rajasthan and Gujarat), and often command a higher price premium.

Prices

Average almond prices grew by 40 percent in MY 2012/13 and exceeded Rs 600 levels in August 2013. Prices continued to remain strong for the whole season due to volatility in exchange rate (INR|USD) ¹, except for a brief period of two months (March-April 2013) when prices slumped due to higher shipments and relatively stable exchange rate. Since August 2013, domestic almond prices have trended upward, reflecting upcoming festive demand.

Figure 1. India: Average Wholesale Prices of Almonds (shelled) in Delhi Wholesale Market



Source: Industry and trade sources

Trade:

In MY 2012/13 Indian almond imports decreased 11 percent to 66,645 tons (shelled basis) over MY 2011/12. Rising cost of imports, tight international supplies and inflationary pressure on the rupee will further reduce imports by an additional five percent in MY 2013/14 to 63,000 tons. Moreover, recent historical trends indicate that when overall volumes of imports decrease, Indian traders tend to prefer Californian and Australian almonds over almonds from China, Iran, or other Middle Eastern countries. Almond exports to India are likely to rebound during the festive season when Indian importers and traders normally build stocks.

During the same period, the absolute share of U.S. almonds grew 13 percent over last year to 85 percent. Australia accounted for 11 percent market share followed by Afghanistan at slightly more than one percent. The remainder came from ‘other’ origins. Non-traditional suppliers (Italy, Malaysia, Thailand, South Korea, South Africa, Japan, and Taiwan), which accounted for roughly 10 percent of the market share until last year, were virtually absent from the market during MY 2012/13. Almond imports from the U.S. and Australia are mostly in-shell non-pareil or carmel varieties, which are shelled locally. Almonds from other origins are typically already shelled. In India, most almonds are sold by weight in loose form, and only about 5 percent of retail sales are in package form.

¹ Indian rupee depreciated by more than 7 percent in MY 2012/13

Trade Policy & Marketing Opportunities

While India does not maintain quantitative restrictions on almond imports, U.S almonds face a tariff of INR 35/kg tariff for inshell almonds and of INR 66.95/kg for shelled almonds (Table 9). In 2006, India’s plant quarantine office amended Plant Quarantine Order 2003 to require an official phytosanitary certificate and phosphine fumigation at the country of origin.

India is currently the third largest export market for U.S. almonds behind China and Spain. Significant market development opportunities remain, particularly in southern and eastern India where more and more consumers are becoming aware of the health benefits of almond consumption.

Production, Supply and Demand Data Statistics:

Almonds, Shelled Basis India	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	0	19,000	0	19,000		19,000	(HA)
Area Harvested	0	17,000	0	17,000		17,000	(HA)
Bearing Trees	0	1,160	0	1,160		1,160	(1000 TREES)
Non-Bearing Trees	0	200	0	200		200	(1000 TREES)
Total Trees	0	1,360	0	1,360		1,360	(1000 TREES)
Beginning Stocks	0	13,133	0	23,867		21,712	(MT)
Production	1,100	1,100	1,000	1,200		1,100	(MT)
Imports	54,600	74,634	60,000	66,645		63,000	(MT)
Total Supply	55,700	88,867	61,000	91,712		85,812	(MT)
Exports	0	0	0	0		0	(MT)
Domestic Consumption	55,700	65,000	61,000	70,000		75,000	(MT)
Ending Stocks	0	23,867	0	21,712		10,812	(MT)
Total Distribution	55,700	88,867	61,000	91,712		85,812	(MT)
TS=TD		0		0		0	

Commodities:

Walnuts, Inshell Basis

Production:

Assuming normal weather conditions, Indian walnut production is expected to reach 40,000 MT (in-shell basis) in MY 2013/14, up 11 percent from previous year. The walnut crop has cyclical production with year to year (between 'high' and 'low' production years), varying from 5- to 20 percent depending on the weather. The production estimate for MY 2012/13 has been revised up marginally to reflect current trade estimates. Recent heavy rain in the Kashmir valley is unlikely to affect the crop size but may have some impact on quality.

India's walnut production areas are mostly confined to Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Long gestation periods, poor orchard management and uneven yields (estimated at 18-50 kg/tree/year with nut sizes varying from 24-32 mm) keep production relatively stagnant. Indian walnuts are classified as hard, medium or thin shell (kaghazi) and the average shelling rate is 40 percent. The typical harvest season runs from the end of August through September, with market arrivals peaking in late October.

Consumption:

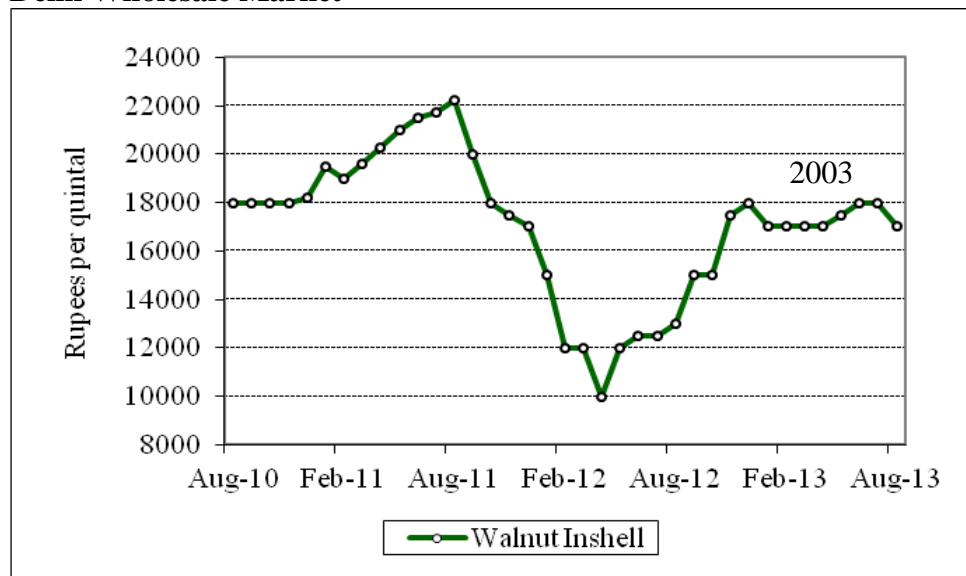
Anticipating stable supplies and prices, walnut consumption in MY 2013/14 is forecast at 29,000 tons, up 16 percent over previous year. The exportable surplus as percent of total supplies is gradually declining due to strong domestic demand and relatively static production. Under this backdrop, India may resort to imports to augment domestic supply. Presently, an estimated 50 to 60 percent of Indian walnut supplies is consumed domestically, of which nearly half is consumed during the festive season (September-January). Industry sources estimate that more than 10 percent of domestic consumption goes to the bakery, confectionary and ice-cream industries while 3 to 4 percent of walnuts (typically nuts that have gone rancid) are used for oil extraction by soap and cosmetic manufacturers.

Typically, walnuts are consumed domestically in raw form for snacking. A growing awareness of the health benefits of walnuts, along with a wider use of attractive consumer packaging (vacuum packs), has prompted Indian consumers to buy walnuts the year around. The use of vacuum packs has improved the shelf-life and quality of walnuts, and has also encouraged consumer demand for ready-to-eat snacks. Major processing facilities for shelling and packing walnuts are located in the state of Jammu and Kashmir.

Prices

During the first four months of the MY 2012/13, average domestic walnut prices grew more than 35 percent on production concerns. Apprehensions gave way when arrivals started building up and walnut production came out to be higher than anticipated. Export demand, too, was stable, giving some support to domestic prices. Average walnut prices remained relatively stable through CY 2013 (Figure 2).

Figure 2. India: Average Wholesale Prices of Walnuts (In shell), Delhi Wholesale Market



Source: Industry and trade sources

Trade:

With domestic production likely to recover in MY 2013/14, Indian walnut exports are forecast to reach 13,000 tons, marginally higher than previous year. Traditional buyers (United Kingdom, Egypt, China, Germany, and Netherland) purchased almost 60 percent of India's exports in MY 2012/13 (Table 8). More than 95 percent of Indian walnuts is exported as kernels (35-40 percent light halves; 35-40 percent amber halves/light broken; and the balance as amber halves) in vacuum packs. Market sources report that the U.S., Mexico, Ukraine and Chile compete with Indian walnut exporters selling to the EU. For the first time, walnut imports are forecast at 1,000 metric tons with an upward bias if domestic production fails to meet the consumption and (re-)export demand.

Trade Policy

The Government of India now allows import of walnuts (*Juglans spp.*) from the United States with an additional declaration and special conditions, specifically fumigation ([GAIN Report IN3082](#)). Walnuts are imported into India without quantitative restrictions under the Open General License (OGL). Imports are subject to an effective import duty of 30.9 percent (see tariff in table 9) except for imports originating from the South Asian Association for Regional Cooperation (SAARC) countries and Afghanistan. Given the strength of Indian domestic production and the relatively high level of tariffs, walnut export opportunities to the Indian market are limited.

Production, Supply and Demand Data Statistics:

Walnuts, Inshell Basis India	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	0	36,600	0	36,600		36,600	(HA)
Area Harvested	0	31,000	0	31,000		31,000	(HA)
Bearing Trees	0	1,400	0	1,400		1,400	(1000 TREES)
Non-Bearing Trees	0	200	0	200		200	(1000 TREES)
Total Trees	0	1,600	0	1,600		1,600	(1000 TREES)
Beginning Stocks	350	625	750	5,905		4,375	(MT)
Production	35,000	40,000	37,000	36,000		40,000	(MT)
Imports	0	0	0	0		1,000	(MT)
Total Supply	35,350	40,625	37,750	41,905		45,375	(MT)
Exports	12,800	12,720	15,000	12,530		13,000	(MT)
Domestic Consumption	21,800	22,000	22,000	25,000		29,000	(MT)
Ending Stocks	750	5,905	750	4,375		3,375	(MT)
Total Distribution	35,350	40,625	37,750	41,905		45,375	(MT)
TS=TD		0		0		0	

Author Defined:

OTHER STATISTICAL TABLES

Table 3. India: Commodity, Almond, Prices Table

Prices Table			
Country	India		
Commodity	Almonds, Shelled Basis		
Prices in	Rupees	per uom	100 Kg
Year	2012	2013	% Change
Jan	38,000	54,000	30
Feb	38,500	51,000	25
Mar	39,500	48,300	18
Apr	40,000	49,000	18
May	43,000	49,700	13
Jun	40,500	51,700	22
Jul	40,000	56,200	29
Aug	41,500	59,300	30
Sep	43,000		-100
Oct	45,300		-100
Nov	47,400		-100
Dec	48,900		-100
Exchange Rate	Rs 65.96	Local Currency/US \$	
Date of Quote	9/9/2013	MM/DD/YYYY	

Source: Trade and Industry sources (average week-end prices in the Delhi Wholesale Market)

Table 4. India: Wholesale Almond Kernel Prices (Rs/Kg), Delhi Market

Type (Origin)	MY 2012/13	MY 2011/12	MY 2010/11
California almonds	470-630	370-430	350-390
Mamra Almonds (Iran)	1200-1800	800-1200	650-1050
Qumi Almonds (Iran)	-	450-600	350-450
Gulbandi Almonds (Afghan)	NA	300-400	250-300

Source: Trade sources

Table 5. India: Commodity, Almond, Import Trade Matrix

Import Trade Matrix			
Country	India		
Commodity	Almonds, Shelled Basis		
Time Period	Sept/Aug	Units:	Metric Tons
Imports for:	2011		2012
U.S.A	54,078	U.S.A	56,860
'Others'		'Others'	
Australia	6,481	Australia	7,126
China	2,970	Iran	1,092
Afghanistan	1,287	Afghanistan	893
Iran	753	Syria	491
Syria	782		
Total for 'Others'	12,273		9,602
Others not Listed	8,283		182
Grand Total	74,634		66,645

Source: Estimates for 2011/12 and 2012/13 are derived from trade sources and Global Trade Atlas and California Almond Board Statistics (2011/12 and 2012/13). Please note that the data available from trade sources were for 11 months.

Table 6. India: Commodity, Walnut, Price Table

Prices Table			
Country	India		
Commodity	Walnuts, Inshell Basis		
Prices in	Rupees	per uom	100 Kg
Year	2012	2013	% Change
Jan	15,000	17,000	13
Feb	12,000	17,200	42
Mar	12,000	17,200	42
Apr	10,000	17,500	70
May	12,000	17,500	46
Jun	12,500	18,000	44
Jul	12,500	18,000	44
Aug	13,000	17,000	31
Sep	15,000		-100
Oct	15,000		-100
Nov	17,500		-100
Dec	18,000		-100
Exchange Rate	Rs 65.96	Local Currency/US \$	
Date of Quote	9/9/2013	MM/DD/YYYY	

Source: Trade and Industry sources (average week-end prices in the Delhi Wholesale Market).

Table 7. India: Walnut Prices

PRICE	UNITS	2012/13	2011/12	2010/11
<i>Wholesale Price of FAQ Walnut in Kashmir</i>	(Rs/Kg)	130-175	100-150	80-150
<i>Export Price (C&F Europe)</i>				
1. Light Halves	US\$/MT	8,000-	4,000-	7,500-

		10,500	9,000	11,000
2. Light Broken/Amber Halves	US\$/MT	6,500-9,000	6,800-8,000	6,800-10,000
3. Amber Broken	US\$/MT	4,000-7,100	4,500-7,000	6,000-9,300

Source: Market Sources

Table 8. India: Commodity, Walnut, Export Trade Matrix

Export Trade Matrix			
Country	India		
Commodity	Walnuts, In Shell Basis		
Time Period	April-March	Units:	Metric Tons
Exports for:	2011		2012
United States	233	United States	730
'Others'		'Others'	
Spain	1,785	United Kingdom	2,278
Germany	1,658	Egypt	1,705
Netherland	1,438	China	1,178
Egypt	1,405	Germany	1,038
United Kingdom	1,355	Netherlands	1,013
France	1,078	France	708
Denmark	473	Australia	598
UAE	375	Taiwan	493
Kuwait	342	Spain	463
Australia	335	Hong Kong	418
Sweden	295	Cyprus	345
Greece	283	Denmark	305
Total for 'Others'	10,822		10,538
Others not Listed	1,665		1,262

Note: MY 2011 refers to Indian Fiscal Year (IFY) 2011/12 (April-March) as most exports happen during October through March.

Source: MY 2011 - Trade sources and Global Trade Atlas
MY 2012 - Provisional Trade Estimates

Table 9. India: Almond and Walnut Tariffs

Commodity Code	Description	Import Policy	Basic Duty ²	Education Cess	Total Applicable Duty ⁵
HC 0802.11	Almonds In shell	OGL ¹	Rs 35/kg	Exempted ³	Rs 35/kg
HC 0802.12	Almond Kernel	OGL ¹	Rs 65/kg	2+1%	Rs. 66.95/kg
HC 0802.31	Walnut In shell	OGL ¹	30/20% ⁴	2+1%	30.9/20.6% ⁴
HC 0802.32	Walnut Shelled	OGL ¹	30/20% ⁴	2+1%	30.9/20.6% ⁴

Notes on Tariff:

¹ OGL (Open General License) – no quantitative restrictions.

² Under the Indo Afghan Preferential Trade Agreement, a tariff concession of 50 percent is applied on the basic import duty for these goods if imported from Afghanistan.

³ Almonds in-shell are exempted from the education cess.

⁴ Preferential duty for SAARC countries (Pakistan, Bangladesh, Sri Lanka, Nepal, Maldives and Bhutan).

⁵ Method for computing Total applicable duty

A: CIF Value of Good

B: Basic Duty = Basic Duty Rate * A

C: Education Cess (EC) = EC Rate * B

Total Applicable Duty = B+C