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Global Agricultural Information Network

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Tree Nuts Annual

2012

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Report Highlights:

The United States is the most important supplier of nuts to the European Union. Over the last decade, U.S. nut exports to the EU went from \$515 million in 2001 to \$1.6 billion in 2011. In MY 2012/13, almond production in the EU is expected to reach 96,381 MT, higher than the previous year due to better results in Spain and Greece. Walnut production is expected to reach 59,500 MT, a lower figure after the excellent crop in France in the previous year. Hazelnut production is expected to reach 117,340 MT. Pistachio production is expected to increase by 20 percent to 7,530 MT, due mainly to increased area and production in Greece.

Disclaimer: This report presents the situation and outlook for tree nuts (almonds, hazelnuts, walnuts and pistachios) in the EU-27. This report presents the views of the authors and does not reflect the official views of the U.S. Department of Agriculture (USDA). The data are not official USDA data.

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Abbreviations and definitions used in this report

Conversion factors: conversion factor is used to convert shelled to in-shell tree nuts.

Almonds: 3.3

Hazelnuts: 2.03

Walnuts: 3.3

Pistachios: 1.5

GTA Global Trade Atlas

Ha hectare; 1 ha = 2.471 acres

HS Codes: Harmonized System codes for commodity classification used to calculate trade data.

Almonds: Shelled 080212; In-shell 080211

Walnuts: Shelled 080232; In-shell 080231

Filberts/Hazelnuts: Shelled 080222; In-shell 080221

Pistachios: 080250

MT Metric ton = 1,000 kg

EU MS European Union Member State(s)

MY Marketing year

Almonds: September/August

Walnuts: October/September

Hazelnuts: September/August

Pistachios: September/August

USD U.S. Dollar (Exchange rate at time of publishing €1=US\$ 1.28)

Executive Summary:

United States and EU: important trading partners

The EU continues to be the most important export market (31 percent) for U.S. tree nuts. Other important markets are East Asia (29 percent), China & Hong Kong (20 percent) and the Middle East (13 percent). Within the EU, the most important trade partners for U.S. tree nuts are in order of importance; Spain, Germany and the Netherlands.

Last year, EU imports of tree nuts totaled about 700,000 MT. The U.S. continues to be the largest supplier by far, with a 42 percent market share. Turkey ranks second with a market share of 15 percent, followed by Vietnam, the Philippines and India.

Almost 30 percent of EU tree nuts imports concern the import of almond and another 16 percent hazelnuts. The United States is especially an important trade partner to the EU for supplying almonds, pistachios and walnuts where the U.S. has a market share of respectively 94, 64 and 63 percent.

Changing EU consumer

The EU population totals about 500 million with an average GDP per capita of around USD 30,000. Consumers in the EU-27 are now more than ever interested in food. They want to make more informed purchasing and consumption decisions. Variety, convenience, nutrition and health are - besides price - other important factors for making purchase decisions. These factors have an impact on the consumption of tree nuts. In addition, the shopping pattern is changing as a result of the snack and grazing culture. Innovative convenience stores are more and more competing with foodservice outlets. Consumers are also buying increasingly private labeled products, especially in those markets that have a highly consolidated food retail structure. Finally, the market for sustainable food is, albeit small, one of the most important growth markets.

Food processing and snack industry are key buyers of tree nuts

The European food processing and snack industry are the large users of tree nuts. Almonds are mainly used as an ingredient for producing marzipan, nougat, turrón (Spanish confection) and many other pastries and sweets. They are also used to manufacture almond butter and paste. Hazelnuts are mainly used in confectionary to make praline and also, in combination with chocolate, for chocolate truffles. Due to the fact that hazelnut oil is strongly flavored and the kernels of walnuts are rich in oil, both are often used for manufacturing cooking oil. Pistachio nuts are used as an ingredient for manufacturing ice cream and confectionary products (such as baklava and mortadella).

When roasted, salted or mixed, tree nuts are a popular snack. Due to changing lifestyles, people are more and more realizing that nuts can be enjoyed at various occasions and different places. Dinner for instance offers potential for tree nuts, where they can be used as an ingredient and as garnish due to their taste, quality, versatility and convenience.

Expanding business in EU market

Since the EU is an important market for U.S. tree nuts, exporters are exploring ways to expand their overseas business. One way can be visiting or exhibiting at trade shows. Europe's leading trade show for tree nuts is Fruit Logistica, which takes place in February in Berlin, Germany. These shows provide an excellent platform to meet future importers of tree nuts. Other important trade shows in Europe

include Sial, Anuga, Food Ingredients, Health Ingredients, Vitafoods, PLMA Amsterdam and Biofach. Finally, it would be advisable for new-to-the-market exporters to have a look at the EU-27 Food and Agricultural Import Regulations and Standards report and the Exporter Guides produced at the various EU FAS Offices, <http://gain.fas.usda.gov/Pages/Default.aspx>

US cooperators active in the EU

Trade associations like the Almond Board of California, the California Pistachio Export Council, Western Pistachio Association/CalPure Pistachios and California Walnut Commission are active in the EU market. These trade associations, or so-called cooperators, in cooperation with FAS offices all over Europe, continuously work to further develop the market for tree nuts.

Commodities:

Almonds, Shelled Basis

Production:

The EU is one of the world's leading producers and consumers of almonds. In terms of origin, the United States is by far the largest producer, contributing to approximately 85 percent of the total world almond supply. Spain holds the position as the main EU producer. Other major EU almond producers are Italy and Greece.

Spanish production has historically fluctuated greatly and it is not expected to increase its production significantly in the long term. This is due mainly to the declines in EU agricultural support programs and the continuing urbanization of traditional production areas.

For MY 2012/13, the latest official forecast published by the Ministry of Agriculture, Food and Environment (MAGRAMA) show an estimated production figure of 69,636 MT (shelled basis), an increase of 6.4 percent compared to previous year's crop. In general the crop has been good, though in some areas, the early varieties were affected by frosts and the lack of rain and in other areas affected some the flowering of some species. According to the MAGRAMA statistics, the regions that registered the most significant increases were Andalucia (+19.4 percent), Comunidad Valenciana (+18.9 percent) and Castilla La Mancha (+10.7 percent).

MY 2012/13 almond production is expected to decrease from the previous year to around 4,545 MT. Due to strong competition, almond cultivation in Italy is becoming less and less profitable. Almond orchards are often located in less favored areas, where mechanization is not always feasible, additionally, old orchards, lack of investments and traditional production techniques have not allowed for high and constant yields over the years. Moreover, due to decreasing profitability, many farmers have been abandoning this crop or shifting to other crops (e.g., citrus fruit, wine grapes, horticultural products) that allow them to earn higher margins. For these reasons, planted area is forecast to further decline in the future.

Almond cultivation in Greece has a long tradition and history. According to industry estimates, there are approximately 40,000 hectares currently cultivated for almonds, including all types of systematically cultivated orchards and a large number of scattered trees, which yield about 1,200 MT annually that is mostly for own consumption.

The main almond producing areas include five prefectures (Katerini, Serres, Kavala, Magnisia, and Larissa) of Central Macedonia and Thessaly, located in northern Greece. The quality of Greek almonds is considered excellent and the most popular varieties are Ferragnes, Texas, Troito, and Retsou. The Ferragnes variety is growing in popularity and is replacing many traditional ones.

MY 2012/13 Greek almond production is forecast to recover in terms of both quantity and quality. MY 2011/12 has been characterized as one of the worst years of the last 15 years, in terms of volume and low prices. In fact, heavy frost in December and adverse conditions in March heavily damaged the crop in the main producing areas, reducing the harvest by 60-70 percent.

Table 1. Major EU Almond Producers by Volume in MT (Shelled Basis)

| COUNTRY | MY 2010/11 | MY 2011/12 | MY 2012/13 |
|----------------|-------------------|-------------------|-------------------|
| Spain | 67,333 | 65,454 | 69,636 |
| Italy | 6,000 | 5,000 | 4,545 |
| Greece | 12,000 | 10,000 | 14,000 |

Source: FAS Europe Offices

Consumption:

Per capita consumption of tree nuts in Greece at 17 kilos/year is the highest in the EU and one of the highest in the world, followed by Spain and Italy. Almonds represent an important component of the Mediterranean diet and are consumed mainly as a snack food, and to a lesser extent, as an ingredient for confectionary products, such as ice cream and chocolate.

Traditionally almonds are characterized by their good taste and high quality and are regarded as a healthy snack. Consumption patterns depend on factors such as dietary habits, income level and tradition. EU almond consumption absorbs not only domestic production, but also imported quantities. Tree nuts imports are indispensable for EU consumers.

U.S. almonds imports are utilized in a variety of ways – for direct consumption, for processing into added value nuts, as food ingredients (almond flour, diced or sliced) and for processing in the confectionary industry.

Trade:

Imports

In MY 2010/11, 95 percent of total EU-27 imports originated in the United States, making the U.S. the number one almond supplier by far, mainly exporting shelled or peeled almonds. U.S. almonds face competition in the EU from locally grown almonds, particularly from Spain.

U.S. almonds will likely continue to enter the EU market with highly competitive prices, influenced by the new record crop in California forecasted by the National Agricultural Statistics Service for 2012.

The major EU-27 importers by volume are Spain, Germany and the Netherlands. Almond imports are mainly destined for the confectionary, ice cream and chocolate industries.

Nut crops are less perishable than other fruits. Therefore, in many countries, almond imported quantities are destined not only for domestic consumption, but - after being stored, processed, and packaged - they are re-exported to third countries throughout the year.

Table 2. EU-27 Imports of Almonds by Origin in MT (Shelled Basis)

| Country of origin | MY 2008/09 | MY 2009/10 | MY 2010/11 |
|--------------------------|-------------------|-------------------|-------------------|
| United States | 187,107 | 185,455 | 192,274 |
| Australia | 6,361 | 4,292 | 6,192 |
| Morocco | 1,503 | 1,875 | 1,733 |
| Chile | 2,057 | 1,160 | 448 |

| | | | |
|----------------------|----------------|----------------|----------------|
| Syria | 148 | 391 | 299 |
| Canada | 332 | 109 | 257 |
| Others | 1,063 | 1,048 | 961 |
| TOTAL EXPORTS | 198,571 | 194,330 | 202,164 |

Source: GTA

Exports

The top destinations for EU-27 almonds in MY 2010/11 were Ceuta (an Autonomous city of Spain in the North of Africa), Switzerland and the United States and Russia. The largest almond exporter is Spain and Spanish exports are destined mainly for other EU MS.

Table 3. EU-27 Exports of Almonds by Destination in MT (Shelled Basis)

| Country of origin | MY 2008/09 | MY 2009/10 | MY 2010/11 |
|--------------------------|-------------------|-------------------|-------------------|
| Ceuta | 3,607 | 1,682 | 2,237 |
| Switzerland | 1,662 | 1,654 | 1,799 |
| United States | 605 | 542 | 1,266 |
| Russia | 556 | 739 | 1,075 |
| Algeria | 476 | 537 | 482 |
| Turkey | 137 | 420 | 443 |
| Others | 3,090 | 3,980 | 4,147 |
| TOTAL EXPORTS | 10,133 | 9,554 | 11,449 |

Source: GTA

Production, Supply and Demand Data Statistics:

| Almonds, Shelled Basis EU27 | 2010 | | 2011 | | 2012 | | |
|-----------------------------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|-------------|--------------|
| | 2010/2011 | | 2011/2012 | | 2012/2013 | | |
| | Market Year Begin: Sep 2010 | | Market Year Begin: Sep 2011 | | Market Year Begin: Sep 2012 | | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post | |
| Area Planted | 0 | 711,597 | 0 | 710,187 | 0 | 710,134 | (HA) |
| Area Harvested | 0 | 693,638 | 0 | 678,112 | 0 | 681,009 | (HA) |
| Bearing Trees | 0 | 0 | 0 | 0 | 0 | 0 | (1000 TREES) |
| Non-Bearing Trees | 0 | 0 | 0 | 0 | 0 | 0 | (1000 TREES) |
| Total Trees | 0 | 0 | 0 | 0 | 0 | 0 | (1000 TREES) |
| Beginning Stocks | 1,600 | 30,000 | 300 | 30,000 | 0 | 30,000 | (MT) |
| Production | 91,000 | 93,010 | 90,000 | 88,896 | 0 | 96,381 | (MT) |
| Imports | 220,000 | 202,164 | 240,000 | 205,000 | 0 | 200,000 | (MT) |
| Total Supply | 312,600 | 325,174 | 330,300 | 323,896 | 0 | 326,381 | (MT) |
| Exports | 12,500 | 11,449 | 13,000 | 12,000 | 0 | 11,000 | (MT) |
| Domestic Consumption | 299,800 | 283,725 | 317,000 | 281,896 | 0 | 285,381 | (MT) |
| Ending Stocks | 300 | 30,000 | 300 | 30,000 | 0 | 30,000 | (MT) |
| Total Distribution | 312,600 | 325,174 | 330,300 | 323,896 | 0 | 326,381 | (MT) |

Source: FAS Europe Offices

Commodities:

Walnuts, Inshell Basis

Production:

France is a net exporter of in-shell walnuts, with 85 percent of exports directed to the EU in 2011, where Italy, Spain and Germany are France's leading customers. France's exports of in-shell walnuts skyrocketed in 2011 at almost 30,000 MT, due to the significantly higher domestic production than in the previous year.

For MY 2012/13, the walnut harvest production figure for France is expected to be relatively lower than in previous MY, around 35,000 MT.

Italy lost its walnut market leadership a few decades ago and is now a major importer, mainly from the United States. Most walnuts are cultivated in southern Italy (i.e., the Campania region), where the main varieties are Sorrento and Malizia. Because farmers generally grow walnut trees for both timber and nuts, nut yields and quality have suffered. Higher input costs and lower prices have negatively affected crop profitability. As a result, Italian walnut production supplies about 20 percent of domestic requirements and the remainder is imported. Some farmers in northern have established efficient and profitable walnut orchards, where orchards planted with the Chandler and Lara varieties yield about 4.2 MT/ha (in shell, dried).

MY 2012/13 walnut harvest is forecast at 10,500 MT, which represents the average production in Italy. MY 2011/12 has been an exceptional year in terms of quantity. On average, quality is expected to be good. Experts estimate that normally around 25 percent of northern harvest is only suitable for processing.

In Spain, the MARM has not yet published the official walnut production data for MY 2012/13.

Therefore, if weather conditions are favorable, we can expect an average production of 12,000 MT for current MY.

Table 4. Major EU Walnut Producers in MT (In-shell Basis)

| COUNTRY | MY 2010/11 | MY 2011/12 | MY 2012/13 |
|---------|------------|------------|------------|
| France | 30,855 | 38,346 | 35,000 |
| Italy | 15,000 | 12,000 | 10,500 |
| Spain | 13,378 | 12,200 | 12,000 |

Source: FAS Europe Offices

Consumption:

Walnuts are mainly purchased in winter time both in in-shell and shelled shape for fresh consumption. More consumers are increasingly purchasing walnuts all year round due to their perceived nutritional benefits. Walnut consumption in the EU falls into several categories: as a snack; an ingredient in home cooking; by-products for further processing and as ingredient in the pastry and bakery industry.

Trade:

Imports

The wide gap between EU walnut production and imports provides an excellent opportunity for walnut exporters. The United States is the number one supplier of walnuts, both in-shell and shelled.

The EU imports various types of nuts for direct consumption as well as for further processing and re-export within the region in different forms, such as salted, baked, fried and mixed nuts.

Table 5. EU-27 Imports of Walnuts by Origin in MT (Inshell Basis)

| Country of origin | MY 2008/09 | MY 2009/10 | MY 2010/11 |
|----------------------|----------------|----------------|----------------|
| United States | 90,549 | 101,548 | 121,288 |
| Moldova | 18,136 | 21,509 | 21,557 |
| Chile | 17,897 | 16,047 | 17,570 |
| Ukraine | 9,339 | 11,732 | 17,455 |
| India | 19,671 | 18,411 | 12,152 |
| China | 5,473 | 4,328 | 8,020 |
| Others | 2,513 | 2,664 | 4,316 |
| TOTAL IMPORTS | 163,578 | 176,239 | 202,358 |

Source: GTA

Exports

The top destinations for EU-27 walnuts in MY 2010/11 were Switzerland, Moldova and Croatia.

Table 6. EU-27 Exports of Walnuts by Destination in MT (Inshell Basis)

| Country of origin | MY 2008/09 | MY 2009/10 | MY 2010/11 |
|----------------------|---------------|---------------|---------------|
| Switzerland | 2,260 | 2,605 | 3,018 |
| Moldova | 2,509 | 3,734 | 2,734 |
| Croatia | 2,756 | 2,993 | 1,958 |
| Turkey | 4,759 | 4,890 | 1,933 |
| Norway | 520 | 532 | 839 |
| Bosnia & Herzegovina | 2,350 | 1,680 | 790 |
| Others | 10,933 | 12,048 | 4,267 |
| TOTAL EXPORTS | 26,087 | 28,482 | 15,539 |

Source: GTA

Production, Supply and Demand Data Statistics:

| Walnuts, Inshell Basis EU27 | 2010 | | 2011 | | 2012 | | |
|-----------------------------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|-------------|-----------------|
| | 2010/2011 | | 2011/2012 | | 2012/2013 | | |
| | Market Year Begin: Oct 2010 | | Market Year Begin: Oct 2011 | | Market Year Begin: Oct 2012 | | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post | |
| Area Planted | 0 | 35,491 | 0 | 36,003 | 0 | 36,003 | (HA) |
| Area Harvested | 0 | 33,812 | 0 | 34,324 | 0 | 34,724 | (HA) |
| Bearing Trees | 0 | 0 | 0 | 0 | 0 | 0 | (1000 TREES) |
| Non-Bearing Trees | 0 | 0 | 0 | 0 | 0 | 0 | (1000 TREES) |
| Total Trees | 0 | 0 | 0 | 0 | 0 | 0 | (1000 TREES) |
| Beginning Stocks | 5,000 | 40,000 | 5,000 | 40,000 | 0 | 40,000 | (MT) |
| Production | 59,000 | 60,495 | 60,000 | 64,952 | 0 | 59,500 | (MT) |
| Imports | 140,200 | 202,358 | 150,000 | 195,000 | 0 | 195,000 | (MT) |
| Total Supply | 204,200 | 302,853 | 215,000 | 299,952 | 0 | 294,500 | (MT) |
| Exports | 13,100 | 15,539 | 15,000 | 15,000 | 0 | 15,000 | (MT) |
| Domestic Consumption | 186,100 | 247,314 | 195,000 | 244,952 | 0 | 239,500 | (MT) |
| Ending Stocks | 5,000 | 40,000 | 5,000 | 40,000 | 0 | 40,000 | (MT) |
| Total Distribution | 204,200 | 302,853 | 215,000 | 299,952 | 0 | 294,500 | (MT) |

Source: FAS Europe Offices

Commodities:

Filberts, Inshell Basis

Production:

In the text below, we will refer to filberts as hazelnuts, the term most commonly used in international marketing.

Italy is the second largest hazelnut producer in the world (13.5 percent of total output) ahead of the United States but behind Turkey, whose huge supply dominates the world market. Italian hazelnut producers have increasingly improved their production techniques (irrigation, fertilization, pesticide use, and mechanization) enhancing yield and maintaining Italy's competitiveness in the world market. The average farm net revenue fluctuates between €2,500 and 3,000/ha. Hazelnut production is spread around Italy with concentrations in the Piedmont region in the north, Viterbo province in the center, the Sicily region, and Avellino province in the South.

MY 2012/13 hazelnut production is forecast to decrease by 22 percent compared to the previous year because of the dryness. Furthermore, the production decrease is also linked to the cyclical swings in yields which make MY 2012/13 a 'down' year. In general, planted area should be close to 70,000 hectares as in MY 2011/12.

Spain also produces a significant quantity of hazelnuts. The Spanish production of hazelnuts is concentrated in Catalonia and more specifically in the Reus area, in the Tarragona province. The latest forecast published by the MAGRAMA shows an estimated production figure of 16,900 MT, similar to previous year's crop.

Table 7. Main EU Hazelnut Producers in MT (In-shell Basis)

| COUNTRY | MY 2010/11 | MY 2011/12 | MY 2012/13 |
|---------|------------|------------|------------|
| Italy | 93,644 | 128,947 | 100,000 |
| Spain | 15,086 | 16,300 | 16,900 |

Source: FAS Europe Offices

Consumption:

Domestic EU hazelnut production supplies less than 40 percent of local demand for snack and industrial purposes. Domestic demand is met by imports -- mainly from Turkey.

In general, hazelnuts are sold both in-shell and shelled shape. In-shell hazelnuts are generally sold as a snack for fresh consumption while shelled ones, both whole and milled nuts, are usually employed as a raw material for confectionary and bakery food companies. Furthermore, low quality shelled hazelnuts are often used by cosmetic companies. In countries such as Italy, approximately 90 percent of the harvest goes to processing companies whereas fresh consumption represents the remaining 10 percent.

Trade:**Imports**

In MY 2010/11, Chile passed the United States as the main supplier of in-shell hazelnuts to the EU.

However, when total imports are converted to in-shell basis, the United States falls to the fifth position in MY 2010/11.

Shelled or peeled hazelnuts are imported mainly from Turkey, the world's dominant producer. Italy is the second world producer and exports mainly to other EU MS.

Table 8. EU-27 Imports of Hazelnuts by Origin in MT (Inshell Basis)

| Country of origin | MY 2008/09 | MY 2009/10 | MY 2010/11 |
|----------------------|----------------|----------------|----------------|
| Turkey | 201,524 | 181,354 | 228,940 |
| Georgia | 14,531 | 16,008 | 19,346 |
| Chile | 2,621 | 2,161 | 4,332 |
| Azerbaijan | 2,785 | 11,743 | 3,565 |
| United States | 1,711 | 3,436 | 1,774 |
| Others | 733 | 535 | 362 |
| TOTAL IMPORTS | 223,905 | 215,237 | 258,319 |

Source: GTA

Exports

The top destinations for EU-27 hazelnuts in MY 2010/11 were Switzerland and Hong Kong. Most of the hazelnut trade occurs within the EU. The major exporters are Italy, Germany and Spain.

Table 9. EU-27 Exports of Hazelnuts by Destination in MT (Inshell Basis)

| Country of origin | MY 2008/09 | MY 2009/10 | MY 2010/11 |
|----------------------|---------------|---------------|--------------|
| Switzerland | 4,121 | 4,581 | 3,181 |
| Hong Kong | 462 | 11 | 1,472 |
| Brazil | 817 | 662 | 678 |
| Norway | 1,325 | 882 | 549 |
| Croatia | 497 | 629 | 469 |
| Others | 7,213 | 3,906 | 3,176 |
| TOTAL EXPORTS | 14,435 | 10,671 | 9,525 |

Source: GTA

Production, Supply and Demand Data Statistics:

| Filberts, Inshell Basis EU27 | 2010 | | 2011 | | 2012 | | |
|------------------------------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|-------------|-----------------|
| | 2010/2011 | | 2011/2012 | | 2012/2013 | | |
| | Market Year Begin: Sep 2010 | | Market Year Begin: Sep 2011 | | Market Year Begin: Sep 2012 | | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post | |
| Area Planted | 0 | 85,042 | 0 | 85,270 | 0 | 85,270 | (HA) |
| Area Harvested | 0 | 81,451 | 0 | 81,748 | 0 | 81,440 | (HA) |
| Bearing Trees | 0 | 0 | 0 | 0 | 0 | 0 | (1000 TREES) |
| Non-Bearing Trees | 0 | 0 | 0 | 0 | 0 | 0 | (1000 TREES) |
| Total Trees | 0 | 0 | 0 | 0 | 0 | 0 | (1000 TREES) |
| Beginning Stocks | 3,100 | 40,000 | 1,900 | 35,000 | 0 | 35,000 | (MT) |
| Production | 105,000 | 109,092 | 145,000 | 146,190 | 0 | 117,340 | (MT) |
| Imports | 275,000 | 258,319 | 280,000 | 215,000 | 0 | 220,000 | (MT) |
| Total Supply | 383,100 | 407,411 | 426,900 | 396,190 | 0 | 372,340 | (MT) |
| Exports | 11,200 | 9,525 | 10,000 | 9,500 | 0 | 9,500 | (MT) |
| Domestic Consumption | 370,000 | 362,886 | 415,000 | 351,690 | 0 | 327,840 | (MT) |
| Ending Stocks | 1,900 | 35,000 | 1,900 | 35,000 | 0 | 35,000 | (MT) |
| Total Distribution | 383,100 | 407,411 | 426,900 | 396,190 | 0 | 372,340 | (MT) |

Source: FAS Europe Offices

Commodities:

Pistachios, Inshell Basis

Production:

According to industry estimates, in MY 2012/13 Greek pistachio area and production are forecast to increase significantly. Greek pistachios are produced mainly in the Island of Aegina and in the area of Lamia, located in central Greece. New producing areas include the Makrakomi area of Central Greece and the municipality of Oropos, in East Attica. Due to their exceptional flavor, shape and full kernel, the Aegina pistachio has been awarded by the European Commission as a PDO (Protected Designation of Origin), distinguishing it from all other pistachio varieties worldwide.

Sicily, especially the Bronte area, produces more than 90 percent of Italy’s pistachio nuts. The majority of Italian pistachios are the Bianca variety (also called Napoletana), which is normally harvested in September. Pistachios from the Bronte area are sold under a PDO (Protected Designation of Origin) label issued by the EU Commission in 2010. To qualify as a PDO product, farmers must follow specific production methods, which guarantee a high quality level, but also higher harvesting costs. In recent years, pistachio production has slightly expanded to other areas in Sicily, where newer, less labor and input intensive orchards have been planted. Pistachio trees production is cyclical, bearing heavily in alternate years. MY 2012/13 will be a lower bearing year.

Consumption:

Domestic EU pistachio production is not sufficient to cover domestic demand, resulting in significant imports from Iran and the United States.

The overall pistachios use can be split among many different ones starting from the in-shell basically traded as a snack food or as an ingredient employed by restaurant, shelled pistachios are used by bakeries and food companies (bakeries, cosmetic companies, sweet food companies and so on) while milled pistachios are mainly used by ice-cream makers.

Trade:**Imports**

The EU is a net importer of pistachios due to very limited EU production. The main suppliers for the European market are the United States and Iran, who together account for nearly 100 percent of total imports. U.S. pistachios continue to be the main source of pistachios in the EU, as they have a higher quality image than their major competitor. Despite this fact, in MY 2010/11 there was a significant decrease in imports driven by lower demand in important markets such as the Netherlands (-12 percent), Spain (-40 percent), the U.K. (-45 percent) or Greece (-73 percent). This tendency will likely continue in MY 2011/12.

Table 10. EU-27 Imports of Pistachios by Origin in MT (Inshell Basis)

| Country of origin | MY 2008/09 | MY 2009/10 | MY 2010/11 |
|-------------------|------------|------------|------------|
|-------------------|------------|------------|------------|

| | | | |
|----------------------|---------------|---------------|---------------|
| United States | 51,142 | 52,120 | 39,602 |
| Iran | 18,589 | 20,744 | 20,581 |
| Afghanistan | 0 | 1,995 | 1,234 |
| Turkey | 1,437 | 309 | 942 |
| Syria | 51 | 898 | 399 |
| Argentina | 71 | 28 | 52 |
| Others | 603 | 462 | 334 |
| TOTAL IMPORTS | 71,893 | 76,556 | 63,144 |

Source: GTA

Exports

EU-27 exports of pistachios are very limited. The top destinations for EU-27 pistachios in MY 2010/11 were Switzerland and Melilla, an autonomous Spanish city located in the North of Africa. Other usual destinations for European pistachios (mainly re-exported from other countries) are ex-Yugoslavian republics, such as Macedonia and Serbia, and Russia. The major pistachio exporters are Greece, Italy and Spain.

Table 11. EU-27 Exports of Pistachios by Destination in MT (Inshell Basis)

| Country of origin | MY 2008/09 | MY 2009/10 | MY 2010/11 |
|----------------------|--------------|--------------|--------------|
| Switzerland | 257 | 396 | 530 |
| Melilla | 410 | 434 | 476 |
| Macedonia | 69 | 83 | 212 |
| Serbia | 213 | 191 | 71 |
| Ceuta | 53 | 1,185 | 68 |
| Russia | 60 | 45 | 66 |
| Others | 992 | 591 | 416 |
| TOTAL EXPORTS | 2,054 | 2,925 | 1,839 |

Source: GTA

Production, Supply and Demand Data Statistics:

| Pistachios, Inshell Basis EU27 | 2010 | | 2011 | | 2012 | | |
|-----------------------------------|-----------------------------------|-------------|-----------------------------------|-------------|-----------------------------------|-------------|-----------------|
| | 2010/2011 | | 2011/2012 | | 2012/2013 | | |
| | Market Year Begin: Sep 2010 | | Market Year Begin: Sep 2011 | | Market Year Begin: Sep 2012 | | |
| | USDA Officia l | New Post | USDA Officia l | New Post | USDA Officia l | New Post | |
| Area Planted | 0 | 8,615 | 0 | 8,665 | 0 | 12,765 | (HA) |
| Area Harvested | 0 | 8,465 | 0 | 8,605 | 0 | 12,565 | (HA) |
| Bearing Trees | 0 | 0 | 0 | 0 | 0 | 0 | (1000 TREES) |
| Non-Bearing Trees | 0 | 0 | 0 | 0 | 0 | 0 | (1000 TREES) |
| Total Trees | 0 | 0 | 0 | 0 | 0 | 0 | (1000 TREES) |
| Beginning Stocks | 1,800 | 15,000 | 1,500 | 1,500 | 0 | 1,500 | (MT) |
| Production | 10,700 | 6,280 | 10,000 | 6,280 | 0 | 7,530 | (MT) |
| Imports | 67,675 | 63,144 | 65,000 | 59,000 | 0 | 60,000 | (MT) |
| Total Supply | 80,175 | 84,424 | 76,500 | 66,780 | 0 | 69,030 | (MT) |
| Exports | 1,675 | 1,839 | 1,500 | 1,900 | 0 | 1,900 | (MT) |
| Domestic Consumption | 77,000 | 81,085 | 73,500 | 63,380 | 0 | 65,630 | (MT) |
| Ending Stocks | 1,500 | 1,500 | 1,500 | 1,500 | 0 | 1,500 | (MT) |
| Total Distribution | 80,175 | 84,424 | 76,500 | 66,780 | 0 | 69,030 | (MT) |

Source: FAS Europe Offices

Commodities:

Almonds, Shelled Basis
Walnuts, Inshell Basis
Filberts, Inshell Basis
Pistachios, Inshell Basis

Policy:

European [Council Regulation \(EC\) No 73/2009](#) (which repealed Council Regulation (EC) No 1782/2003) establishes the common rules for direct support schemes under the EU's Common Agricultural Policy (CAP). Section 4, Articles 82 to 86, "Area payment for nuts", defines the general payment structure for CAP assistance to the tree nut sector.

Under this Regulation, EC aid will be granted for season 2009-2011 to farmers who produce almonds, hazelnuts, walnuts, pistachios or locust beans and meet the conditions for eligibility outlined in article 85. Tree nut producers are eligible for EC based on the guaranteed maximum area allocated to each MS, which is defined as their national guaranteed area (NGA) – for NGA and Financial Ceiling, please see [EC/73/2009](#) or [E46098](#). In MY 2011/12, of the 568,000 hectares guaranteed by Regulation 73/2009 for Spain, 434,000 hectares received aid in Spain. For this MY, the amount received per hectare was 42.88 €.

As of 2012, producers will see the EU aid separated from production (decoupling), though MS are allowed to continue to provide with a national aid of €120.75 maximum per hectare for the production of these products. In the case of Spain, this payment will be co-financed by the MAGRAMA and the Autonomous Regions. According to the Spanish Agricultural Guarantee Fund (FEGA), for MY 2012/13 a total of 442,621 hectares applied for national aid, 1.3 percent less than in previous year.

Moreover, the Spanish government launched a new program for specific agricultural activities entailing additional agri-environment benefits, as described in Article 68 of Regulation 73/2009 and producers of almonds, hazelnuts walnuts and carob beans were eligible. Spain allocated €13.1 million Euro and almost 9,000 farmers applied for this aid and will benefit from these payments.

Special EU Import Conditions for U.S. Almonds

As of September 1, 2007, the EU implemented Special Import Conditions, which called for mandatory testing of California almonds imported to EU member countries. The California almond industry and the USDA developed a Voluntary Aflatoxin Sampling Plan (VASP) comparable to the EU sampling procedures so that almonds can be uniformly tested before they are shipped to the EU.

In March 2012, the European Commission implemented the [Regulation 274/2012](#), amending Commission [Regulation 1152/2009](#), imposing special conditions governing the import of certain foodstuffs from certain third countries due to contamination risk by aflatoxins.

Regulation 274/2012 states that it is appropriate to repeal the transitional provision for foodstuffs imported from the United States of America, which are not covered by the Voluntary Aflatoxin

Sampling Plan (VASP), as sufficient time has been provided to operators in the United States of America to implement the Voluntary Aflatoxin Sampling Plan. Almonds with a VASP certificate are subject to random testing while almonds without this certificate are subject to being rejected.

Regulation 1152/2009 introduced the use of a Common Entry Document (CED), similar to the Common Veterinary Entry Document (CVED) used for veterinary products. Starting January 1, 2010, the **importer** has to provide prior notification to the competent authorities at the designated port of entry for the goods covered by the regulation at least one working day prior to the arrival of the goods, using the CED. The CED was published in [Annex II of the Regulation 669/2009](#).

Provisions for methods of sampling and analysis for the official control of mycotoxins including aflatoxins are laid down in [Commission Regulation 401/2006](#) as amended by [Commission Regulation 178/2010](#). As of March 13, 2010, sampling under the VASP is performed on the basis of a 2x10 kg sample, in accordance with the new EU sampling legislation. For additional information see Annex VII B of the EU [guidance document](#).

Additional information on the VASP program is also available from the Almond Board of California: <http://www.almondboard.com/Handlers/FoodQualitySafety/VASP/MarketRamifications/Pages/Default.aspx>

Commission Regulation (EU) No 165/2010 increased the maximum aflatoxin levels for almonds and pistachios, as well as apricot kernels, hazelnuts and Brazil nuts, bringing them in line with the Codex Alimentarius levels for tree nuts adopted in July 2008. As a result of both new EU regulations, EU aflatoxin levels are in line with existing Codex maximum aflatoxin levels and sampling plans. However, EU legislation has a more extensive product coverage and also includes separate maximum limits for aflatoxin B1.

The new levels, effective on March 9, 2010, changes to maximum tolerance for aflatoxin to the following:

| | Ready-to-Eat (RTE) | For Further Processing (FFP) |
|------------------------|---------------------------|-------------------------------------|
| Almonds | 10 ppb total 8 ppb B1 | 15 ppb total 12 ppb B1 |
| Hazelnuts, Brazil Nuts | 10 ppb total 5 ppb B1 | 15 ppb total 8 ppb B1 |
| Pistachios | 10 ppb total 8 ppb B1 | 15 ppb total 12 ppb B1 |

For more information, see the [E50018](#) GAIN report

**Author Defined:
Related Reports**

| Report Number | Title | Date Released |
|---|---|----------------------|
| IT1148 | Italy Tree Nuts 2011 | 10/05/2011 |
| GR1109 | Greece - Cyprus Tree Nuts 2011 | 08/22/2011 |
| SP1118 | EU-27 Tree Nuts Annual | 08/30/2011 |
| E50018 | New EU Aflatoxin Levels and Sampling Plan | 03/09/2010 |
| These reports can be accessed through the FAS website http://gain.fas.usda.gov/Pages/Default.aspx | | |