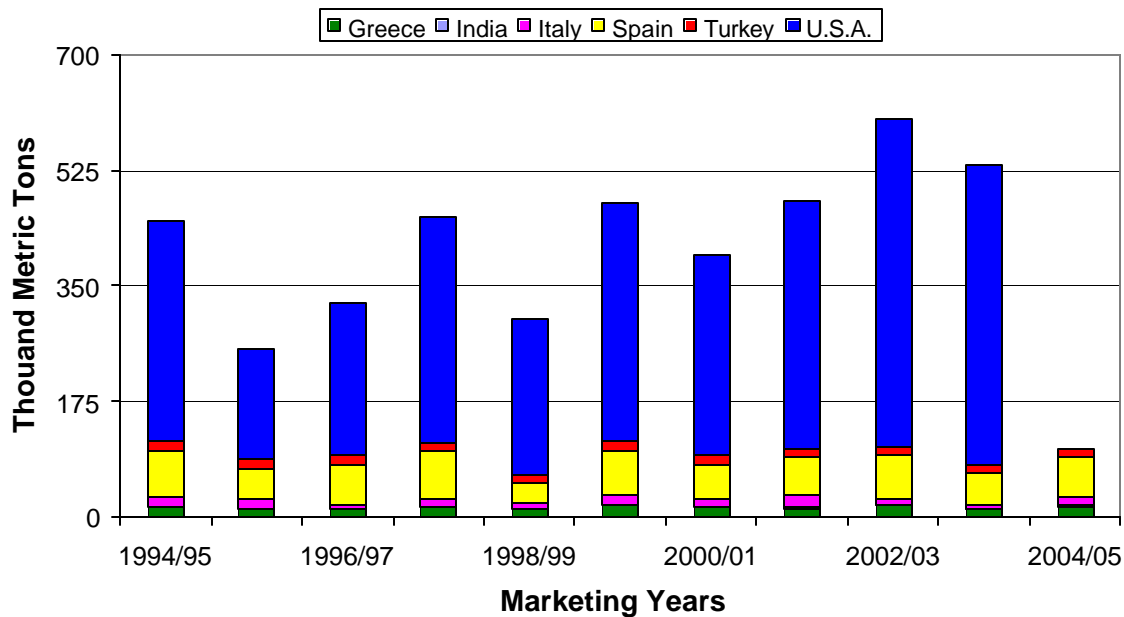


## World Almond Situation & Outlook

### Production

According to the Food and Agriculture Organization, the top five almond producers in Calendar Year (CY) 2002 were the United States at 757,000 metric tons (45 percent of the world's production), followed by Spain (210,000 tons, 12 percent share), Syria (139,000 tons, 8 percent share), Iran (105,000 tons, 6 percent share), and Italy (91,000 tons, 5 percent share).

### Sweet Almond Production in Selected Countries



Source: USDA Attache Reports and USDA NASS. Production forecast not available for the United States.  
Marketing Years: United States: Aug.-July; Greece, India, Italy, Spain, Turkey: Sept.-Aug

The U.S. Department of Agriculture (USDA) [Production, Supply and Distribution \(PSD\)](#) database contains data on shelled, sweet almonds for the United States, Greece, India, Italy, Spain, and Turkey. Of the countries in the PSD database, the United States accounted for 85 percent of reported production in 2003/04<sup>1</sup>. According to the USDA National Agricultural Statistical Service (NASS), almond production reached 454,000 metric tons. This is the second largest crop on record and largest crop ever produced in the downswing of the U.S. production cycle. The [CASS Almond Forecast](#) for 2004 will be available on May 10, 2004.

After factoring out U.S. production, the revised foreign production estimate for 2003/04 is 104,000 tons,

<sup>1</sup> Split years refer to harvest and marketing period, which begins in the fall and extends to the spring. This corresponds roughly to July-October in the Northern Hemisphere and January-March in the Southern Hemisphere. For Southern Hemisphere, harvest occurs almost entirely during the second year shown.

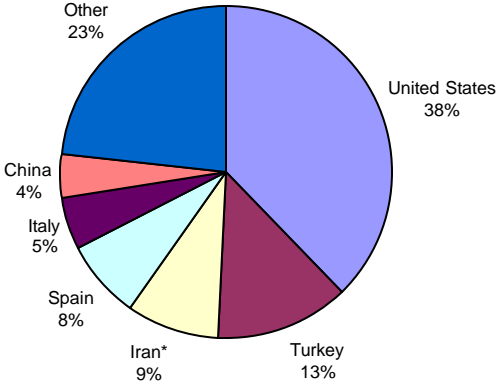
down 27 percent from 2002/03. This is mostly due to the downswing of the production in Spain, Europe’s largest almond producer, and the severe drought that occurred in the summer of 2003 across most of southern Europe. However, the foreign production forecast for MY 2004/05 indicates a 24-percent increase to 103,000 tons, assuming normal weather.

Spanish production in 2003/04 is expected to fall 29 percent to 47,000 tons due to the downswing of the production cycle, spring frosts and the summer drought. Assuming normal weather conditions and the upswing of the production cycle, Spanish 2004/05 forecast is expected to be 59,000 tons. In Italy, freezing weather during the bloom and the summer drought lowered the 2003/04 crop forecast 44 percent to 5,000 tons. However, in 2004/05, Italian production is expected to return to more normal levels, reaching 15,000 tons. Almond production in Turkey is relatively stable with production for 2003/04 and 2004/05 expected to remain steady at 13,700 tons. Despite being in the downswing of the production cycle, favorable weather has caused India’s 2003/04 almond crop to drop 9 percent to 1,000 tons. The forecast for MY 2004/05 is an increase to 1,200 tons, assuming normal weather.

**Trade**

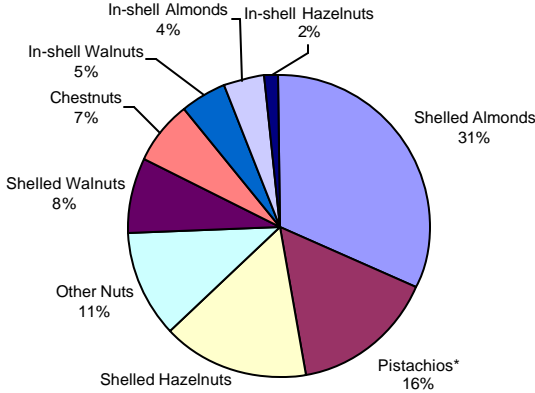
According to Global Trade Atlas, CY 2002 global exports of selected tree nuts<sup>2</sup> rose 6.3 percent to reach \$2.8 billion. Of total tree nut exports in CY 2002, shelled almonds accounted for 35 percent (\$978 million) and in-shell almonds accounted for 5 percent (\$136 million). Most of the export growth in tree nuts was due to a 27-percent increase in shelled almond exports and 8-percent increase in in-shell almond exports.

**CY 2002 Global Leading Exporters of Tree Nuts (HTS 0802) by Value**



Source: Global Trade Atlas.  
\* Based on reported imports of tree nuts from Iran

**CY 2002 Global Export Mix of Tree Nuts (HTS 0802) By Value**



Source: Global Trade Atlas.  
\*Pistachios include reported imports from Iran.

U.S. almonds accounted for 71 percent of reported global almond exports (shelled and in-shell) in 2002, or \$794 million (28 percent) of total global tree nut (HTS 0802) exports. This by itself is enough to make the United States the largest global exporter of tree nuts on a value basis. When including the rest of HTS 0802

2 Selected tree nuts includes HTS Chapter 0802: almonds, hazelnuts, walnuts, pistachios, pecans, and other tree nuts.

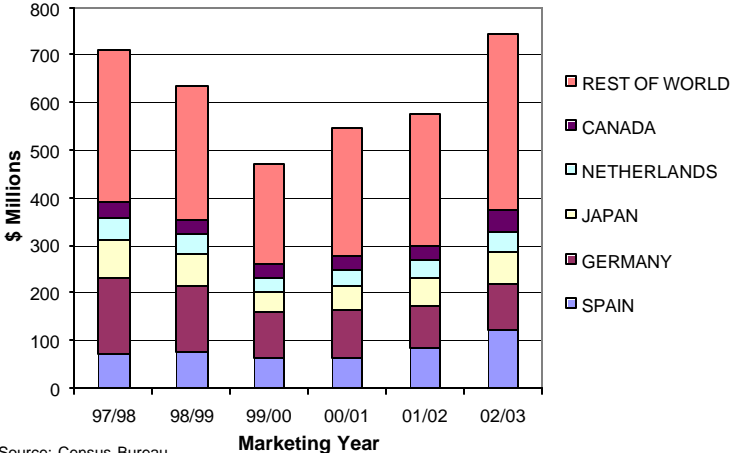
exports, the U.S. share of reported global exports rises to 38 percent. While CY 2003 totals are not yet available, preliminary data suggest strong increases in U.S., Spanish, and Italian exports. While low production may limit domestic supplies in Europe, strong imports by Spain and Italy have provided the needed input for continued export growth.

**United States**

The 2002/03 almond crop was a record 1.09 billion pounds. Contrary to expectations, the large almond supply did not result in lowered prices. In fact, almond prices for growers and handlers rose due to increased domestic and foreign demand. This may be due to the weakening U.S. dollar and the poor weather in the Mediterranean region.

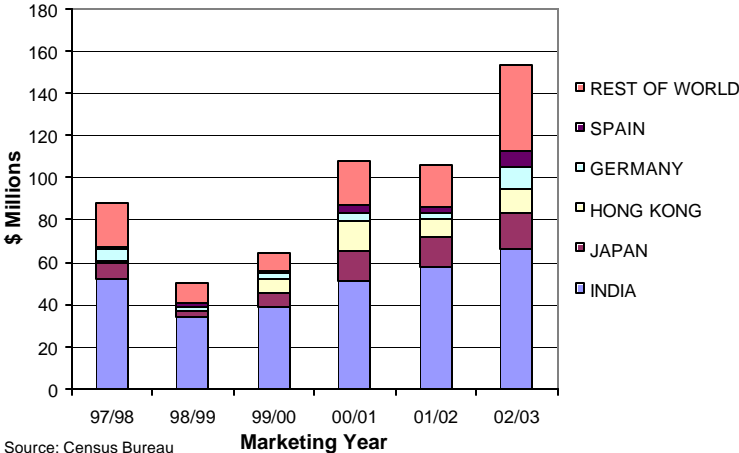
Strong global demand boosted almond exports 31 percent to \$899 million in 2002/03. Of total exports, \$473 million (53 percent) went to the European Union, while nearly 25 percent (\$225 million) went into Asia. Other regional growth markets include the Middle East, up 39 percent to \$85 million; the Former Soviet Union, up 60 percent to \$16 million; and North America, up 36 percent to \$58 million.

**U.S. Exports of Shelled Almonds**



Source: Census Bureau

**U.S. Exports of In-shell Almonds**



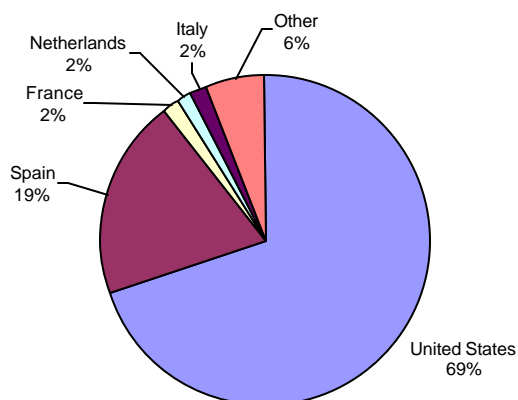
Source: Census Bureau

The export value of U.S. shelled almonds grew by 29 percent to \$745 million. Exports to Spain, Europe’s largest almond producer, grew 41 percent to \$120 million, making Spain the largest export market for U.S. almonds. While exports to Spain were substantial, most of the increased exports were to the rest of world category, increasing 33 percent to \$371 million. To date, for 2003/04, U.S. exports of shelled almonds are up \$536 million, 23 percent above last marketing year.

Exports of in-shell almonds increased 45 percent to \$154 million. India, the largest export market for in-shell almonds, experienced 18 percent growth, amounting to \$66 million in 2002/03. German imports of in-shell almonds grew 419 percent to reach \$10 million. However, as with shelled almonds, the bulk of the export growth occurred in markets other than the traditional ones. To date, for 2003/04, U.S. exports of

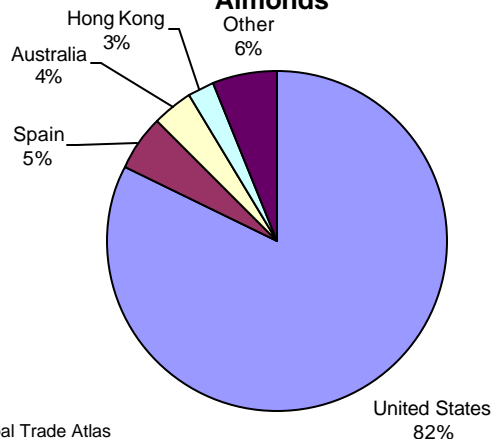
in-shell almonds are up \$119 million, 36 percent above last marketing year. Despite being the leading exporter of almonds, U.S almonds still face many access barriers in foreign markets. For example, Chinese tariffs on shelled and in-shell almonds are 10 percent + 13 percent and 24 percent + 13 percent VAT. For further trade issues affecting almonds and other horticultural products, please see the [FAS Quarterly Reference Guide to World Horticultural Trade: Trade Issues Edition](#). The [FAS WTO Tariff Schedules Search Engine](#) will provide the current tariffs for all WTO trading partners.

**CY 2002 Leading Exporters of Shelled Almonds**



Source: Global Trade Atlas

**CY 2002 Leading Exporters of In-shell Almonds**



Source: Global Trade Atlas

## Spain

For Spain, the 2003/04 export forecast is 55,000 tons, which is 8,000 tons more than was produced. This is possible due to record Spanish imports of 55,000 tons in 2003/04. The outlook for 2004/05 is a slight decline in imports (down to 54,000 tons) due to a recovery in production. Spanish exports are expected to be 60,000 tons. However, industry sources estimate that between 50 and 65 percent of U.S. almonds shipped to Spain were re-exported to neighboring countries. According to Global Trade Atlas, Spain is the leading exporter of almonds with \$231 million in CY 2003. Spain is also the world's second largest importer with \$167 million.

Spanish consumption has been growing, but with the short crop this year, domestic consumption is expected to decline. Most almonds are used in the confectionery industry (70-80 percent). The remainder are consumed as snacks. For more details, please see the [2004 Spain Tree Nut Semi-Annual](#).

## Germany

As shown by the Global Trade Atlas, Germany is the leading importer of shelled almonds with \$216 million in CY 2003. While these imports were sourced primarily from the United States (60 percent of imports) and Spain (27 percent). However, given the large volumes imported by Spain for re-export, the share of U.S. almonds in the German market is most likely underestimated.

## France

Although France is a notable exporter of almonds in terms of value, they are also a net importer. According to the Global Trade Atlas, in CY 2003 the French exported \$24 million and imported \$104 million worth of almonds. The largest supplier of almonds was the United States with \$48 million of mostly shelled almonds.

Spain is the second largest supplier, with \$31 million in exports. Interestingly enough, France's largest export market is Spain, with \$11 million in exports in CY 2003.

## Italy

Although Italy is a major producer of almonds, Italy is dependent upon imports to meet consumption needs.

Imports are linked to the domestic production cycle and are forecast to reach a record 22,000 tons in 2003/04 due to low production. However, with a return to normal harvest levels, imports are expected to decline in 2004/05 to 15,000 tons.

In CY 2003, Italy imported \$60 million of almonds, of which 97 percent were shelled. The top suppliers of almonds to Italy in CY 2003 were the United States with 55 percent of the import market and Spain with 35 percent of the import market. For more details, please see the [2003 Italy Tree Nut Annual](#).

Most Italian exports, destined for other European countries, totaled \$29 million in CY 2003. Of this, 95 percent were shelled and 5 percent were in-shell. The largest export market for Italy is France, taking 34 percent of total Italian almond exports.

## India

In 2003/04 India imported 22,000 tons of almonds, which accounts for 75 percent of its total supply. Indian imports are expected to rise in 2004/05 to 26,400 as production enters its downswing. India is the largest global and U.S. market for in-shell almonds with imports of \$40 million in CY 2002, representing 51 percent of global in-shell imports. In CY 2003, the United States exported nearly \$81 million of almonds to India; of which 87 percent (\$70 million) were in-shell almonds. The U.S. dominance in this market may be challenged with the signing of the [India-Afghan Preferential Trade Agreement](#). The U.S. industry has expressed concerns that Iranian almonds may be transshipped through Afghanistan with duties lower than those applied to U.S. almonds. India currently applies a duty of 35 rupees/kg and 65 rupees/kg on in-shell and shelled almonds respectively.

Imports of U.S. almonds into India face strict import conditions. The Government of India (GOI) has also implemented the [Proposed Amendment to the Prevention of Food Adulteration Act](#), which set new stringent quality standards on dry fruits and nuts. The GOI has also implemented the [Plant Quarantine \(Regulation of Import into India\) Order, 2003](#), which established new import procedures and quarantine requirements on agricultural products imported into India including products of export interest to the United States, namely

citrus fruits, grapes, peas, pome fruits, and dry fruits and nuts for consumption. The GOI requires that all dried fruits and nuts be fumigated with methyl bromide and did not recognize phosphine, the industry standard fumigant, as a pre-shipment treatment. However, after bilateral discussions, the GOI issued a letter stating that they will accept almonds treated with phosphine until May 4, 2004. For further details, please see [GAIN Report IN4028](#). The USDA Foreign Agricultural Service (FAS) and the USDA Animal and Plant Health Inspection Service (APHIS) will continue to work with the affected U.S. industries and the Government of India to ensure unimpeded trade of agricultural products to India.

## **Japan**

Japan remains an important market for U.S. almonds, importing \$107 million of shelled and \$485,000 of in-shell almonds in CY 2003. The United States continues to dominate this market, providing 97 percent and 96 percent of Japan's shelled almond and in-shell almond imports, respectively.

## **Marketing and Export Programs**

The GSM-102 program makes available credit guarantees for sales of U.S. agricultural commodities overseas. USDA does not provide financing, but guarantees payments due from foreign banks. USDA typically guarantees 98 percent of the principal and a portion of the interest. The GSM-102 program covers credit terms from 90 days to 3 years.

Under the program, once a firm sale exists, the qualified U.S. exporter applies for a payment guarantee before the date of export. The U.S. exporter pays a fee calculated on the dollar amount guaranteed, based on a schedule of rates applicable to different lengths of credit periods. The foreign bank approved by the Commodity Credit Corporation (CCC) issues a dollar-denominated, irrevocable letter of credit in favor of the U.S. exporter, ordinarily advised or confirmed by the financial institution in the United States agreeing to extend credit to the foreign bank. The U.S. exporter may negotiate an arrangement to be paid as exports occur by assigning the U.S. financial institution the right to proceeds that may become payable under the guarantee, and later presenting required documents to that financial institution. Such documents normally include a copy of the export report.

If a foreign bank fails to make any payment as agreed, the exporter or the assignee may file a claim with USDA for the amounts due and covered by the guarantee. USDA will pay the U.S. bank and will take on the responsibility of collecting the overdue amount from the foreign bank.

Additional information about the GSM-102 program, regulations, country specific press releases and program announcements, and a Monthly Summary of Export Credit Guarantee Program Activity may be accessed at <http://www.fas.usda.gov/excredits/exp-cred-guar.html>.

(For information on production and trade, contact Kyle Cunningham at 202-720-0875. For information on marketing, contact Ingrid Mohn at 202-720-5330.)