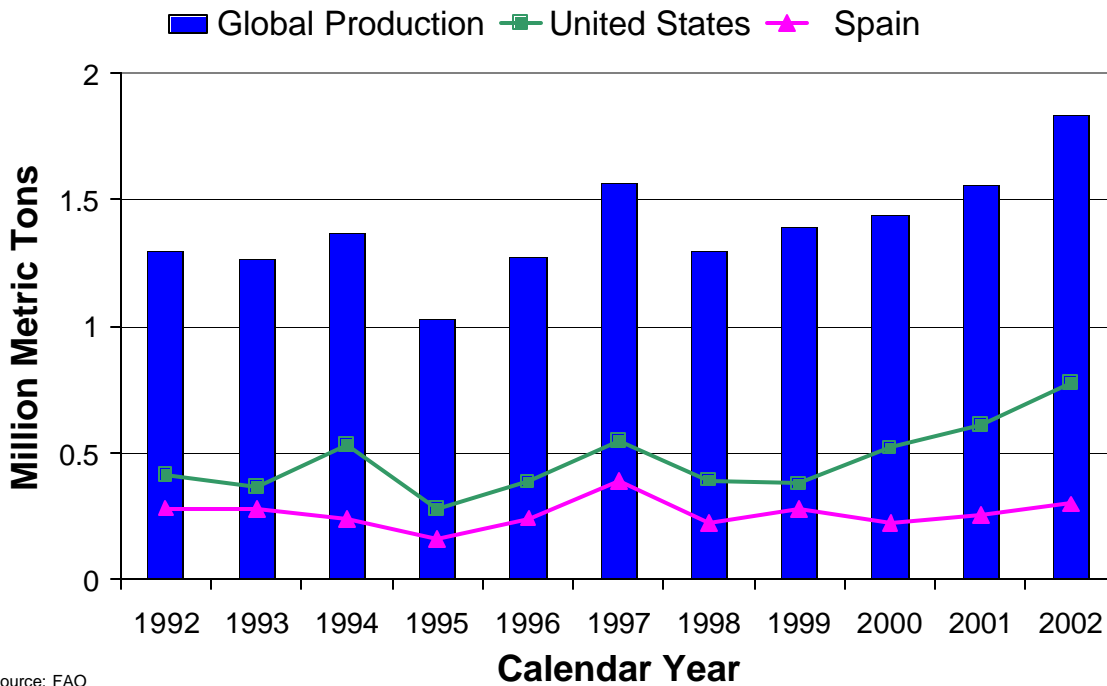


World Almond Situation & Outlook

Production

According to the Food and Agriculture Organization, the top six almond producers in Calendar Year (CY) 2002 were the United States at 778,000 metric tons (42 percent share of the world's production), followed by Spain (299,000 tons, 16 percent share), Syria (139,000 tons, 8 percent share), Italy (113,000 tons, 6 percent share), Iran (100,000 tons, 5 percent share), and Morocco (70,000 tons, 4 percent share). From 1992 to 2002, world almond production increased 42 percent to 1.8 million tons. As can be seen in the figure below, the United States is an important driver of the global growth trend.

Global Almond Production 1992-2002

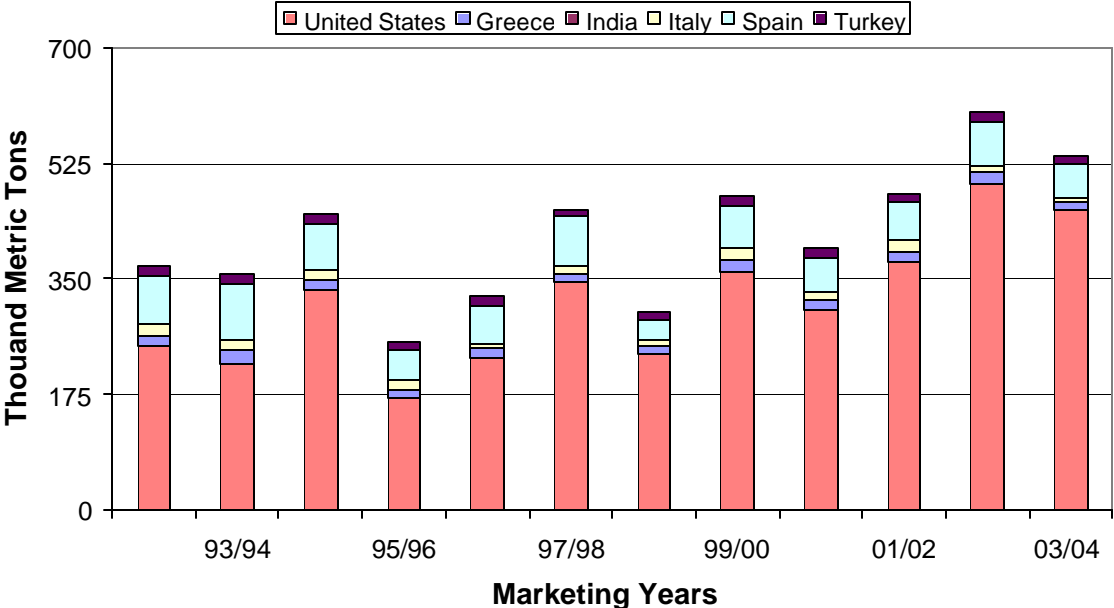


The United States Department of Agriculture (USDA) [Production, Supply and Distribution \(PSD\)](#) database contains data on shelled, sweet almonds for the United States, Greece, India, Italy, Spain and Turkey. Despite the differences in data sets, both sources (FAO and USDA PSD) show that the United States is the largest producer of almonds in the world.

Of the selected countries in the PSD database, the United States accounted for 83 percent of reported production in Marketing Year (MY) 2002/03. According to the USDA National Agricultural Statistical Service (NASS), almond production reached a record 494,000 metric tons (1.09 billion pounds). Given the alternate bearing cycle of almond trees, the crop for MY 03/04 is forecast to be down 454,000 metric tons (1 billion pounds). If realized, this would be the second largest crop on record and largest crop ever

produced in the downswing of the U.S. production cycle. According to the California Agricultural Statistical Service 2003 [Objective Measurement Report](#), the weather during the bloom was better than expected, but instances of rain and cool temperatures made it less than ideal. Production forecasts for the United States in MY2004/05 are not currently available.

Sweet Almond Production in Selected Countries



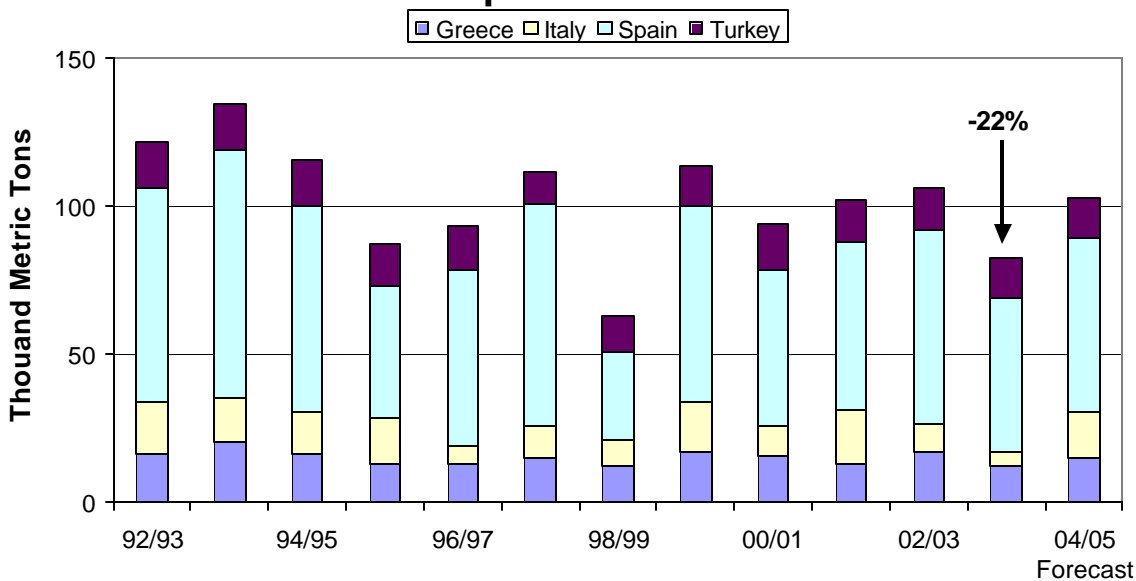
Source: USDA Attache Reports and USDA NASS
 Marketing Years: United States: Aug.-July; Greece, India, Italy, Spain, Turkey: Sept.-Aug

Abroad, almond production in selected European countries is expected to be down 22 percent to 83,000 tons. 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, forecasts for MY 2004/05 indicate a 24 percent increase to 103,000 tons assuming normal weather.

Production in Spain is expected to fall 21 percent to 55,000 metric tons for MY 2003/04. This is mostly due to the downswing of the production cycle, spring frosts and the summer drought. Since only 7 percent of almond orchards are irrigated, the summer drought had a noticeable impact on the production outlook. Assuming normal weather conditions and the upswing of the production cycle, the MY 2004/05 forecast is expected to be 59,000 metric tons.

Almond production in Italy is expected to be down 44 percent to 5,000 tons. This decline is attributable to freezing weather during the bloom and the summer drought that affected all of southern Europe. However, the following marketing year (MY 2004/05), production is expected to return to more normal levels, reaching 15,000 tons.

Sweet Almond Production in Selected European Countries



Source: USDA Attache Reports
Marketing Years: Greece, Italy, Spain, Turkey: Sept.-Aug

While almonds grow wild in Turkey, most almond production occurs in commercial orchards. Improvement in local almond varieties and propagation techniques has overcome the problem of early blooming, as well as increased yield and quality. Almond production in Turkey is relatively stable with weather providing most of the variability. The production for MY 2003/04 and MY 2004/05 is expected to remain steady at 13,700 tons.

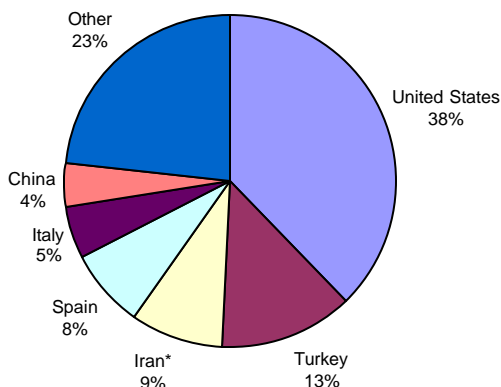
Despite being in the downswing of the production cycle, favorable weather has caused India's 2003/04 almond crop to remain stable at 1,100 tons. The forecast for MY 2004/05 is an increase to 1,200 tons, providing for normal weather. Most domestically produced almonds are consumed locally, in the Kashmir valley.

Trade

According to Global Trade Atlas, CY 2002 global exports of selected tree nuts¹ 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 of in-shell almond exports.

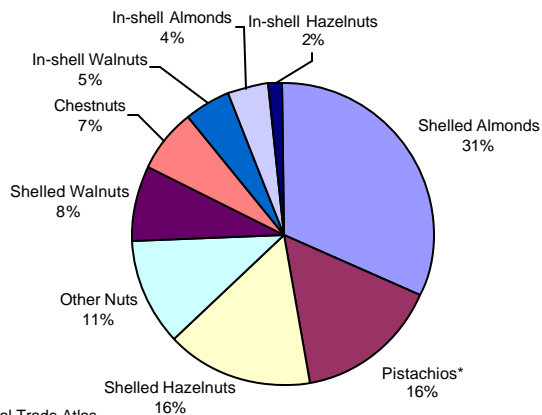
¹ Selected tree nuts includes HTS Chapter 0802: almonds, hazelnuts, walnuts, pistachios, pecans and other tree nuts.

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.

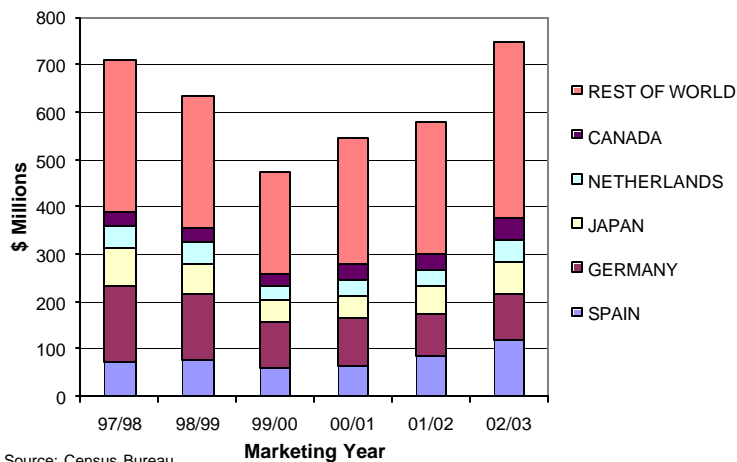
Of reported global almond exports (shelled and in-shell), U.S. almonds accounted for 71 percent, or \$794 million or 28 percent of total global tree nut (HTS 0802) exports. This by itself is enough to make the United States the largest global exporter of tree nuts on a value basis. When including the rest of HTS 0802 exports, the U.S. share of reported global exports rises to 38 percent.

United States

The MY 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. Industry news sources have commented on the strong prices of U.S. almonds coupled with strong exports. This may be due to the weakening U.S. dollar and the poor weather in the Mediterranean region.

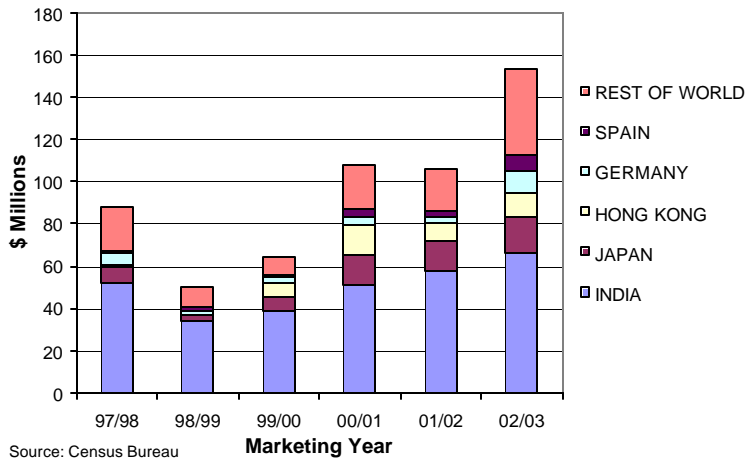
Strong global demand boosted almond exports 31 percent to \$899 million in MY 2002/03. Of total exports, \$473 million (53 percent) went to the European Union, while nearly 25 percent (\$225 million) went into Asia. Other regional growth markets include the Middle East, up 39 percent to \$85 million;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



The export value of shelled almonds grew by 29 percent to \$745 million. Exports to Spain, Europe’s largest almond producer, grew 41 percent to \$120 million, replacing Germany as the largest export market for U.S. almonds. While export growth Spain is a substantial element of growth, most of the increased exports were to the rest of world category, increasing 33 percent to \$371 million.

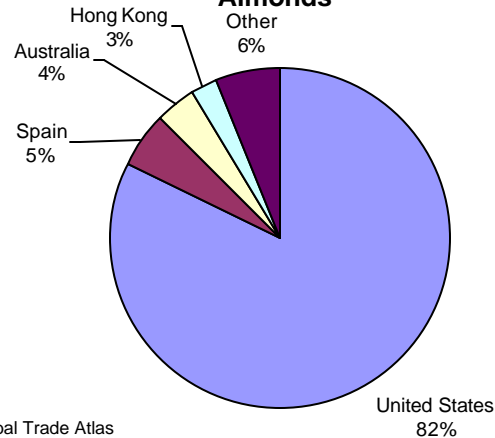
Exports of in-shell almonds increased 45 percent to \$154 million. India, the largest export market for in-shell almonds, experienced 18 percent growth leading to \$66 million in MY 2002/03. German imports of in-shell almonds grew 419 percent to reach \$10 million. However, as with shelled almonds, the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

Exports of in-shell almonds increased 45 percent to \$154 million. India, the largest

Spain

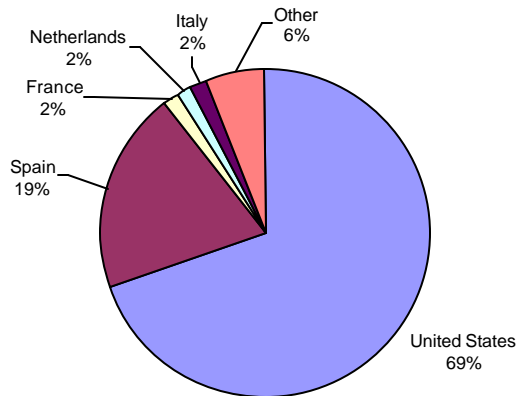
While Spain is the world’s second largest producer of almonds and accounts for 18 percent of reported exports in CY 2002 (\$200 million), Spain is also the world’s second largest importer, accounting for 12 percent of total reported imports (\$114 million). Spain has recently emerged as the largest export market for U.S. almonds (CY 2002 exports \$103 million). However, industry sources estimate that between 50 and 65 percent of U.S. almonds shipped to Spain were then exported to neighboring countries. The small crop this year is expected to result in increased almond imports.

CY 2002 Leading Exporters of In-shell Almonds



Spanish consumption has been growing due but with the short crop this year, domestic consumption is expected to decline. Most almonds are used in the confectionary industry (70-80 percent). The remainder is consumed as snacks.

CY 2002 Leading Exporters of Shelled Almonds



Source: Global Trade Atlas

France

Although France is a notable exporter of almonds in terms of value, they are also a net importer. According to Global Trade Atlas in CY 2002 the French exported \$16.6 million and imported \$87 million worth of almonds. The largest supplier of almonds was the United States with \$37 million, mostly shelled almonds. Spain is the second largest supplier, with \$28 million in exports. Interestingly enough, France’s largest export market is Spain, with \$6 million in exports in CY 2002.

Netherlands

The Netherlands, like Spain, is also a major exporter and net importer of almonds. According to Global Trade Atlas, in CY 2002 the Netherlands imported \$36 million of almonds and exported \$15 million. Most exports are destined for neighboring European countries. The main supplier of almonds to the Netherlands is the United States, supplying \$22 million in CY 2002.

Italy

Despite being a major global producer of almonds, Italy is a net importer and relies on imports for consumption gap. Italy’s imports are strongly related to the domestic production cycle, with imports peaking in years of low production.

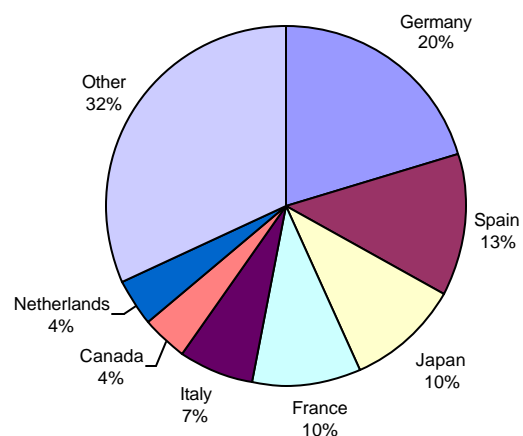
In MY 2002/03 imports rose by 35 percent. Imports are forecast to go higher in MY 2003/04 due to low production, but are expected to decline with increased production in MY 2004/05.

In CY 2002, Italy imported \$59 million of

Germany

As shown by Global Trade Atlas, Germany is the leading importer of shelled almonds with \$62 million in CY 2002. While German shelled almond imports are sourced primarily from the United States (64 percent of imports) and Spain (25 percent), non-producing countries such as the United Kingdom and the Netherlands each account for 2 percent of German imports.

Leading Importers of Shelled Almonds

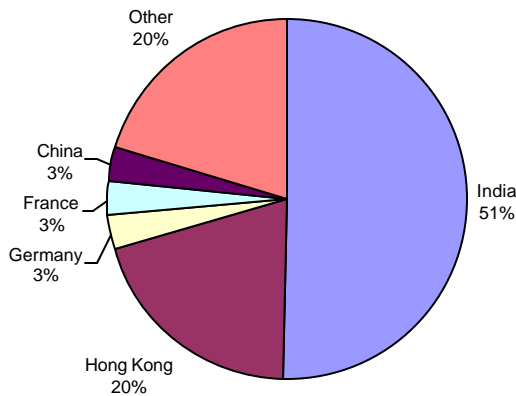


Source: Global Trade Atlas

almonds, of which 96 percent were shelled. The top suppliers of almonds to Italy in CY 2002 are the United States with 52 percent of the import market and Spain with 40 percent of the import market. With poor production prospects in Spain, the United States appears to be poised to do well in this market.

Most Italian exports, destined for other European countries, totaled \$16 million in CY 2002. Of this 92 percent were shelled and 8 percent were in shell. The largest export market for Italy is Germany, taking 34 percent of total Italian almond exports.

Leading Importers of In-shell Almonds



Source: Global Trade Atlas

India

Importing over 92 percent of its consumption, India is the largest global and U.S. market for in-shell almonds. According to Global Trade Atlas, India imported \$40 million, 51 percent of the reported total almond imports. In CY 2002, the United States exported nearly \$70 million to India; of this, 83 percent (\$57 million) was in-shell. In-shell exports to India continue to build steam, increasing 55 percent in the first 10 months of CY 2003 to reach 57 million.

Most of the in-shell imports are hand shelled and sold on the market as kernels. While the United States is the leading source of in-shell almonds, India imports shelled almonds primarily from Iran and Afghanistan. The varieties produced in these countries are preferred by more affluent households and usually fetch a higher market premium than U.S. almonds.

Japan

Japan remains an important market for U.S. almonds, importing \$89 million of shelled and \$146, 000 of in-shell almonds in CY 2002. Global Trade Atlas ranks Japan as the third largest importer in the world, with 10 percent of reported shelled almond imports. The United States continues to dominate this market, providing 98 percent and 97 percent of Japan's shelled almond and in-shell almond imports respectively.

(The FAS Attaché Report search engine contains reports on the walnut industries for more than 4 countries, including China, France, Spain, Italy, and India. For information on production and trade, contact Kyle Cunningham at 202-720-2083. For information on marketing contact Ingrid Mohn at 202-720-5330.)