

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 9/13/2013

GAIN Report Number: SP1313

EU-28

Tree Nuts Annual

2013

Approved By:

Robert Hanson
Agricultural Counselor

Prepared By:

Arantxa Medina
Marketing and Management Specialist

Report Highlights:

The United States is the most important supplier of tree nuts to the European Union. The EU imported \$1.7 billion of tree nuts from the United States in 2012. In MY 2013/14, almond production in the EU is expected to reach 62,733 MT, lower than the previous year due to the lowest production figure in Spain since 2004. Walnut production is expected to reach 106,500 MT, 3 percent lower than MY 2012/13. Pistachio production is expected to decrease by 12 percent to 6,030 MT, due mainly to the off production year in Greece.

Disclaimer: This report presents the situation and outlook for tree nuts (almonds, hazelnuts, walnuts and pistachios) in the EU-28. 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.

This report would not have been possible without the valuable expert contributions from the following Foreign Agricultural Service analysts:

Marie-Cecile Henard, FAS/Paris covering France
Mila Boshnakova, FAS/Sofia covering Bulgaria
Ornella Bettini, FAS/Rome covering Italy and Greece
Monica Dobrescu, FAS/Bucharest covering Romania
Marcel Pinckaers, FAS/The Hague covering the Benelux
Gerda Vandercammen, FAS/USEU Brussels

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 (until December 2011); In-shell 080251, Shelled 080252 (since January 2012)

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\$ 1.32)

Executive Summary:

US and EU: important trading partners

In 2012, the EU became the second most important export region for U.S. tree nuts, behind East Asia. The main trade partners for tree nuts exports in 2012 were: East Asia (35 percent), EU-28 (27 percent), North America (11 percent) and the Middle East (10 percent). Hong Kong and China, jointly account for 25 percent of total U.S. tree nut world exports. 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 almost 700,000 MT. The United States continues to be the largest supplier by far, with a 30 percent market share. Turkey ranks second with a market share of 14 percent, followed by Vietnam, the Philippines and India. Almost 30 percent of EU tree nuts total imports are comprised of almonds and another 15 percent hazelnuts. The United States is especially an important trade partner to the EU for supplying almonds, pistachios and walnuts where the United States has a market share of 93, 73 and 58 percent respectively.

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-28 are now more than ever interested in food. They want to make more informed purchasing and consumption decisions. Variety, convenience, nutrition and health are important factors for making purchase decisions in addition to price. 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.

The market for sustainable food is, albeit small, one of the most important growth markets. According to Euromonitor, organic sweet and savory snacks, including nuts, are gaining increased acceptance among Western Europe consumers. Germany and other Northern European countries see that an increasing number of manufacturers offer organic products in their portfolio.

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 typical Christmas 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. For example, tree nuts are finding their way into salads and main dinner courses.

The pressure of recession is pushing snack companies to be more creative and innovative, adding exotic and new flavors combinations and to increase the use of premium packaging. Due to the mature

European market, manufacturers will likely focus their strategies on the launching on new products rather than volume sales.

Expanding business in EU market

Since the EU is an important market for US 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 Alimentaria, 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>

U.S. 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. California is responsible for approximately 80 percent of world's almond production and 100 percent of the U.S. supply. Annually, California production is exported to 90 countries worldwide, and the EU-28 represents approximately one third of California's almond exports.

Spanish production has historically fluctuated greatly and what is most important, 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.

Furthermore, farmers complain that the almond crops are less profitable each year due to the pressure coming from the California almonds and tend to abandon less profitable crops in search for more profitable ones.

For MY 2013/14, the latest official forecast published by the Ministry of Agriculture, Food and Environment (MAGRAMA) show an estimated production figure of 50,212 MT (shelled basis), a decrease of 23 percent compared to previous year's crop. This is the lowest production figure since 2004. The bad results are due to the frosts, and polinization problems caused by the continued and abundant rains that took place at the flowering moment. Also, there have been some difficulties in production due to the presence of *Monilia* and *Capnodis Tenebrionis*, the flatheaded rootborer of fruit trees (mainly plum, apricot and almond) in the Mediterranean Region. Furthermore, problems with fungus are expected in some areas, which could affect production even further.

According to the MAGRAMA statistics, all the main producing regions will have lower production figures than in previous marketing year. Andalucia (-15 percent), Comunidad Valenciana (-18.5 percent), Castilla-La Mancha (-35 percent), Aragon (-33 percent) and Catalonia (-22 percent).

In Italy, MY 2013/14 almond production is forecast to decrease from the previous year to around 5,000 MT. Due to strong competition from competitively priced Californian almonds, cultivation in Italy has become less profitable. Therefore, many farmers have been abandoning this crop or shifting to more profitable cultivations (i.e., citrus fruit, wine grapes, horticultural products). In addition, almond orchards are often located in areas where mechanization is not always feasible. For all these reasons, planted area is forecast to further decline in the years to come.

Greece is the third largest producer of almonds in the EU-28, after Spain and Italy. 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. MY 2013/14 Greek almond production is expected to decrease by 37 percent.

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 replacing many traditional ones.

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

COUNTRY	MY 2011/12	MY 2012/13	MY 2013/14
Spain	65,454	65,182	50,212
Italy	5,000	7,500	5,000
Greece	10,000	8,000	5,000

Source: FAS Europe Offices

Consumption:

Nuts, and particularly 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 and industry.

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 2011/12, 94 percent of total EU-28 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, due greatly to the high dependence that the snack and bakery industry has on the U.S. almonds. The 2013 crop is expected to be good in California, which will likely positively influence EU almond imports.

The major EU-28 importers of U.S. almonds by volume are Spain, Germany and the Netherlands in this order. 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-28 Imports of Almonds by Origin in MT (Shelled Basis)

Country of origin	MY 2009/10	MY 2010/11	MY 2011/12
United States	186,248	193,234	199,639
Australia	4,312	6,193	8,798
Morocco	1,875	1,733	1,446

Chile	1,165	448	1,102
Syria	391	299	853
Iran	70	91	185
Others	1,156	1,243	815
TOTAL EXPORTS	195,217	203,241	212,838

Source: GTA

Exports

The top destinations for EU-28 almonds in MY 2011/12 were the United States, Switzerland and Ceuta (an Autonomous city of Spain in the North of Africa). The largest almond exporter is Spain and Spanish exports are destined mainly for other EU markets, though there has been a significant increase of Spanish exports of almonds to the United States in the last year.

Table 3. EU-28 Exports of Almonds by Destination in MT (Shelled Basis)

Country of origin	MY 2009/10	MY 2010/11	MY 2011/12
Unites States	542	1,266	3,002
Switzerland	1,654	1,796	2,017
Ceuta	1,682	2,237	1,728
Russia	739	1,075	953
Lebanon	477	422	553
Japan	338	335	384
Others	4,124	4,321	3,551
TOTAL EXPORTS	9,556	11,452	12,188

Source: GTA

Production, Supply and Demand Data Statistics:

Almonds, Shelled Basis EU-28	2011		2012		2013		
	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Sep 2011		Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	0	694,330	0	687,628	0	687,291	(HA)
Area Harvested	0	660,302	0	655,837	0	655,427	(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	30,000	30,000	30,000	30,000	0	30,000	(MT)
Production	89,000	83,114	100,000	83,128	0	62,733	(MT)
Imports	226,100	212,838	220,000	216,000	0	215,000	(MT)
Total Supply	345,100	325,952	350,000	329,128	0	307,733	(MT)
Exports	12,400	12,188	12,000	11,500	0	12,000	(MT)
Domestic Consumption	302,700	283,764	308,800	287,628	0	265,733	(MT)
Ending Stocks	30,000	30,000	30,000	30,000	0	30,000	(MT)
Total Distribution	345,100	325,952	350,000	329,128	0	307,733	(MT)

Source: FAS Europe Offices

Commodities:

Walnuts, Inshell Basis

Production:

France is a net exporter of in-shell walnuts, with 86 percent of exports directed to other EU MS in 2012, where Italy, Spain and Germany are France's leading customers. France's exports of in-shell walnuts skyrocketed in 2011 at more than 31,000 MT, due to the significantly higher domestic production than in the previous year. In 2012, the good crop is also pushing exports to reach 30,000 MT.

For MY 2013/14, 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 now is a major importer, mainly from the United States. 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. Most walnuts are cultivated in Campania (Southern Italy), where the main varieties are "Sorrento" and "Malizia." Some farmers in Northern Italy have established efficient and profitable walnut orchards planted with the "Chandler" and "Lara" varieties. MY 2013/14 walnut harvest is forecast at 9,500 MT. Quality is expected to be good.

In Spain, the MAGRAMA has not yet published the official walnut production data for MY 2013/14.

Therefore, if weather conditions are favorable, we can expect an average production of 13,000 MT for current MY.

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

COUNTRY	MY 2011/12	MY 2012/13	MY 2013/14
France	38,314	36,425	35,000
Romania	35,100	28,300	30,000
Spain	12,200	13,100	13,000
Italy	12,000	10,500	9,500

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. The continued release of studies and research proving their cardiovascular benefits have made walnuts very popular among consumers, particularly among those more health-conscious.

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 excellent opportunities for walnut

exporters. The United States is the number one supplier of walnuts by far, 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-28 Imports of Walnuts by Origin in MT (Inshell Basis)

Country of origin	MY 2009/10	MY 2010/11	MY 2011/12
United States	101,641	121,470	97,170
Moldova	21,509	21,557	30,341
Ukraine	11,736	17,455	21,991
Chile	16,047	17,577	17,059
India	18,407	12,141	12,860
China	4,328	7,881	5,908
Others	5,067	5,944	6,425
TOTAL IMPORTS	178,735	204,025	191,754

Source: GTA

Exports

The top destinations for EU-28 walnuts in MY 2011/12 were Turkey, Switzerland and Moldova.

Table 6. EU-28 Exports of Walnuts by Destination in MT (Inshell Basis)

Country of origin	MY 2009/10	MY 2010/11	MY 2011/12
Turkey	4,890	1,933	6,005
Switzerland	2,605	3,018	3,073
Moldova	3,734	2,426	2,799
Albania	1,170	526	1,254
Bosnia & Herzegovina	1,696	803	1,188
Iraq	3,146	719	799
Others	11,262	6,186	8,939
TOTAL EXPORTS	28,503	15,611	24,057

Source: GTA

Production, Supply and Demand Data Statistics:

Walnuts, Inshell Basis EU-28	2011		2012		2013		
	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	85,731	0	85,676	0	85,676	(HA)
Area Harvested	0	84,512	0	84,357	0	84,307	(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	40,000	40,000	40,000	40,000	40,000	40,000	(MT)
Production	65,000	112,750	60,000	103,941	0	102,500	(MT)
Imports	125,000	191,754	130,000	190,000	0	190,000	(MT)
Total Supply	230,000	344,504	230,000	333,941	0	332,500	(MT)
Exports	18,700	24,057	20,000	23,000	0	23,000	(MT)
Domestic Consumption	171,300	280,447	170,000	270,941	0	269,500	(MT)
Ending Stocks	40,000	40,000	40,000	40,000	0	40,000	(MT)
Total Distribution	230,000	344,504	230,000	333,941	0	332,500	(MT)

Source: FAS Europe Offices

Commodities:

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 ahead of U.S., only 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-€3,000/ha. Hazelnut production is spread around Italy with concentrations in Piedmont region (Northern Italy), Viterbo province (Central Italy), Avellino province (Southern Italy), and Sicily region.

MY 2013/14 hazelnut production is forecast to increase by 46 percent compared to the previous year. Furthermore, the production decrease is also linked to the cyclical swings in yields that make MY 2013/14 a "higher" bearing year.

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. In Spain, the MAGRAMA has not yet published the official hazelnut production data for MY 2013/14. Therefore, if weather conditions are favorable, we can expect a similar production of 14,000 MT for current MY.

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

COUNTRY	MY 2011/12	MY 2012/13	MY 2013/14
Italy	128,947	85,232	125,000
Spain	16,300	13,900	14,000

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 over passed the United States as the main supplier of in-shell hazelnuts to the EU and the situation continued in MY 2011/12. The United States is the fifth supplier of hazelnuts in absolute numbers in MY 2011/12.

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-28 Imports of Hazelnuts by Origin in MT (Inshell Basis)

Country of origin	MY 2009/10	MY 2010/11	MY 2011/12
Turkey	182,306	230,076	169,198
Georgia	16,020	19,381	35,752
Azerbaijan	11,748	3,585	9,072
Chile	2,161	4,332	4,053
United States	3,440	1,778	1,828
Others	1,130	810	727
TOTAL IMPORTS	216,805	259,962	220,630

Source: GTA

Exports

The top destination for EU-28 hazelnuts in MY 2011/12 was Switzerland. Most of the hazelnut trade occurs within the EU. The major exporters are Italy, Germany and Spain.

Table 9. EU-28 Exports of Hazelnuts by Destination in MT (Inshell Basis)

Country of origin	MY 2009/10	MY 2010/11	MY 2011/12
Switzerland	4,581	3,180	3,424
Brazil	662	678	787
Norway	882	547	664
Turkey	134	355	741
Venezuela	487	366	706
Others	4,273	4,747	3,407
TOTAL EXPORTS	11,019	9,873	9,729

Source: GTA

Production, Supply and Demand Data Statistics:

Filberts, Inshell Basis EU-28	2011		2012		2013		
	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Sep 2011		Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	0	84,673	0	79,190	0	79,190	(HA)
Area Harvested	0	81,404	0	75,105	0	76,115	(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	35,000	35,000	35,000	35,000	0	35,000	(MT)
Production	145,000	145,590	120,000	99,431	0	139,300	(MT)
Imports	237,100	220,630	250,000	249,000	0	240,000	(MT)
Total Supply	417,100	401,220	405,000	383,431	0	414,300	(MT)
Exports	10,200	9,729	10,000	9,000	0	9,000	(MT)
Domestic Consumption	371,900	356,491	360,000	339,431	0	370,300	(MT)
Ending Stocks	35,000	35,000	35,000	35,000	0	35,000	(MT)
Total Distribution	417,100	401,220	405,000	383,431	0	414,300	(MT)

Source: FAS Europe Offices

Commodities:

Production:

According to industry estimates, MY 2013/14 Greek pistachio production is forecast to decrease significantly. Greek pistachios are produced mainly in the Island of Egina 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. Thanks to its 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.

Pistachio is a traditional crop in Italy, especially in Sicily region (Bronte area), where more than 90 percent of the production is located. The majority of Italian pistachios are the “*Bianca*” (also called “*Napoletana*”), which is normally harvested in September. In recent years, pistachio production has slightly expanded to other areas in Sicily and Basilicata, where newer and input intensive orchards have been planted. Pistachios from the Bronte area are sold under a PDO (Protected Designation of Origin) label.

Pistachio trees production is cyclical, bearing heavily in alternate years. MY 2013/14 will be a higher bearing year. MY 2013/14 Italian pistachio production is forecast to be exceptional, in terms of both quantity and quality.

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. No major changes are expected in MY 2012/13.

Table 10. EU-28 Imports of Pistachios by Origin in MT (Inshell Basis)

Country of origin	MY 2009/10	MY 2010/11	MY 2011/12
United States	56,264	39,630	41,799
Iran	20,794	21,055	19,157
Turkey	324	944	984
Syria	897	399	540
Afghanistan	2,007	1,236	381
Others	509	112	239
TOTAL IMPORTS	80,795	63,376	63,100

Source: GTA

Exports

EU-28 exports of pistachios are very limited. The top destinations for EU-28 pistachios in MY 2011/12 were Switzerland and Melilla, an autonomous Spanish city located in the North of Africa. The major pistachio exporters are Greece, Italy and Spain.

Table 11. EU-28 Exports of Pistachios by Destination in MT (Inshell Basis)

Country of origin	MY 2009/10	MY 2010/11	MY 2011/12
Switzerland	266	355	227
Melilla	290	318	221
Israel	0	27	34
Norway	59	22	26
Others	1,336	501	644
TOTAL EXPORTS	1,951	1,223	1,152

Source: GTA

Production, Supply and Demand Data Statistics:

Pistachios, Inshell Basis EU-28	2011		2012		2013		
	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Sep 2011		Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	8,665	8,562	12,765	12,658	0	12,658	(HA)
Area Harvested	8,605	8,487	12,565	12,466	0	12,501	(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	1,500	1,500	1,500	1,500	0	1,500	(MT)
Production	10,000	6,830	7,500	6,830	0	6,030	(MT)
Imports	57,700	63,100	65,000	65,000	0	65,000	(MT)
Total Supply	69,200	71,430	74,000	73,330	0	72,530	(MT)
Exports	1,500	1,152	2,000	1,600	0	1,600	(MT)
Domestic Consumption	66,200	68,778	70,500	70,230	0	69,430	(MT)
Ending Stocks	1,500	1,500	1,500	1,500	0	1,500	(MT)
Total Distribution	69,200	71,430	74,000	73,330	0	72,530	(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 for farmers under the Common Agricultural Policy (CAP) and establishing certain support schemes for farmers. Article 120.1 indicates that MSs may grant national aid, up to a maximum of 120.75 € per hectare per year to farmers producing almonds, hazelnuts, walnuts, pistachios and locust beans. Section 4, Articles 82 to 86, “Area payment for nuts”, defines the general payment structure for CAP assistance to the tree nut sector.

In order to benefit from this aid, farmers must 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](#).

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), in MY 2013/14, of the 568,000 hectares guaranteed by Regulation 73/2009 for Spain, 440,245 hectares requested the aid in Spain, broken down as follows:

Product	Hectares
Almond	399,305.05
Hazelnut	11,314.45
Walnut	3,290.71
Pistachio	4,989.16
Locust bean	21,346.18
TOTAL	440,245.55

Source: Spanish Agricultural Guarantee Fund (www.fega.es)

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 locust beans were eligible. Spain allocated €14 million Euro for this program in 2013 and 8,251 farmers applied for this aid and will benefit from these payments.

Aflatoxin Certification for Tree Nuts

Aflatoxin certification is an import instrument for U.S. exports to the EU of almonds, pistachios and peanuts. Information on the product specific programs is available from the respective commodity

groups as well as from the USDA Agricultural Marketing Service (AMS).

Special EU Import Conditions for U.S. Almonds

On September 1, 2007, the EU implemented Special Import Conditions, setting mandatory testing levels for California almonds upon arrival into EU member countries.

The California almond industry and 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. The EU considered the guarantees provided by the program to be sufficient to reduce the import controls on U.S. almonds shipped under the VASP program to random levels from January 2010 onwards ([Commission Regulation 1152/2009](#)). Almonds shipped without a VASP certificate had been subject to 100 pct border controls in the original Commission Regulation 1152/2009; however, the regulation was amended in March 2012 to no longer authorize imports without a VASP ([Commission Regulation 274/2012](#)).

The Decision applies to in shell, shelled and roasted almonds, and mixtures of nuts or dried fruits containing almonds, and foodstuffs containing a significant amount of almonds (at least 20 percent). Regulation 1152/2009 also introduced the use of a Common Entry Document (CED), similar to the Common Veterinary Entry Document (CVED) used for veterinary products. 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 1 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](#). The “[Guidance document for competent authorities for the control of compliance with EU legislation on aflatoxins](#)” takes into account the specifics of the U.S. VASP program.

For additional information on the VASP program see:

- [Almond Board of California – VASP Program](#)
- [USDA-AMS Technical Services – Almond Aflatoxin Program](#)

Pistachios

For information on aflatoxin certification on pistachios, please go to:

- Administrative Committee for Pistachios (ACP):
http://www.acpistachios.org/acp_contact.htm
- [USDA-AMS Technical Services – Pistachio Aflatoxin Program](#)

Levels of Aflatoxins

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

Related Reports

Report Number	Title	Date Released
----------------------	--------------	----------------------

IT1231	Italy Tree Nuts 2012	10/24/2012
GR1212	Greece Tree Nuts 2012	10/24/2012
SP1233	EU-27 Tree Nuts Annual	09/17/2012
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		