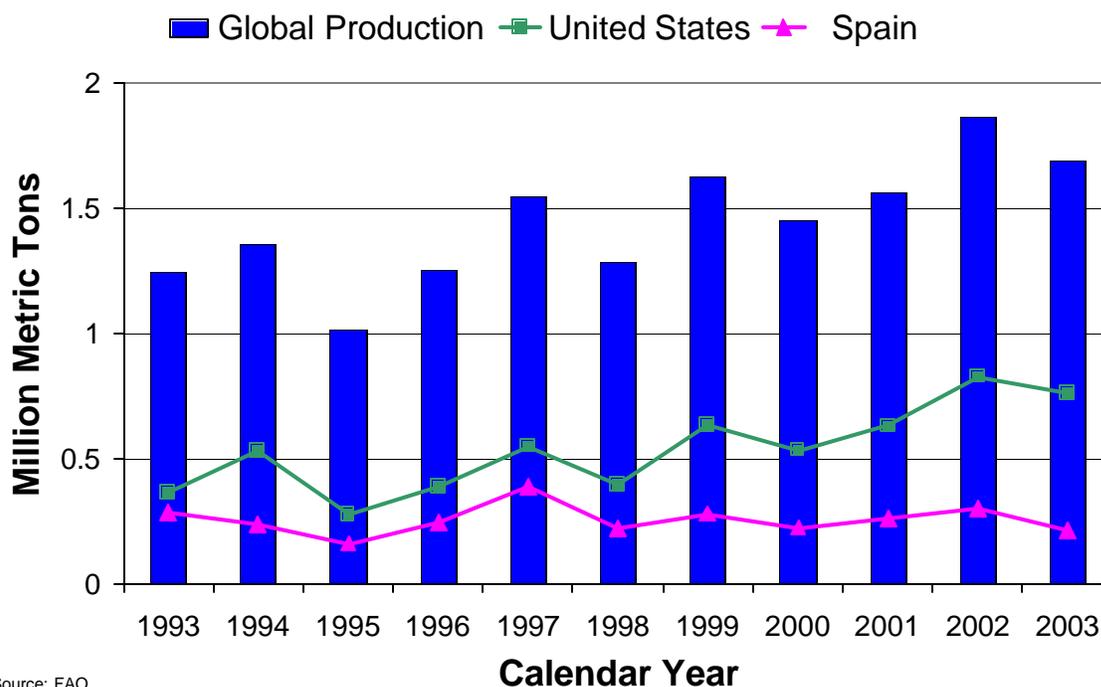


World Almond Situation & Outlook

Production

According to the Food and Agriculture Organization (FAO), the top five almond producers in calendar year (CY) 2003 were the United States at 758,000 metric tons (45 percent of the world's production), followed by Spain (210,000 tons, 12 percent), Syria (139,000 tons, 8 percent), Iran (105,000 tons, 8 percent), and Italy (91,000 tons, 5 percent). From 1993 to 2003, world almond production grew 5 percent annually.

Global Almond Production 1993-2003

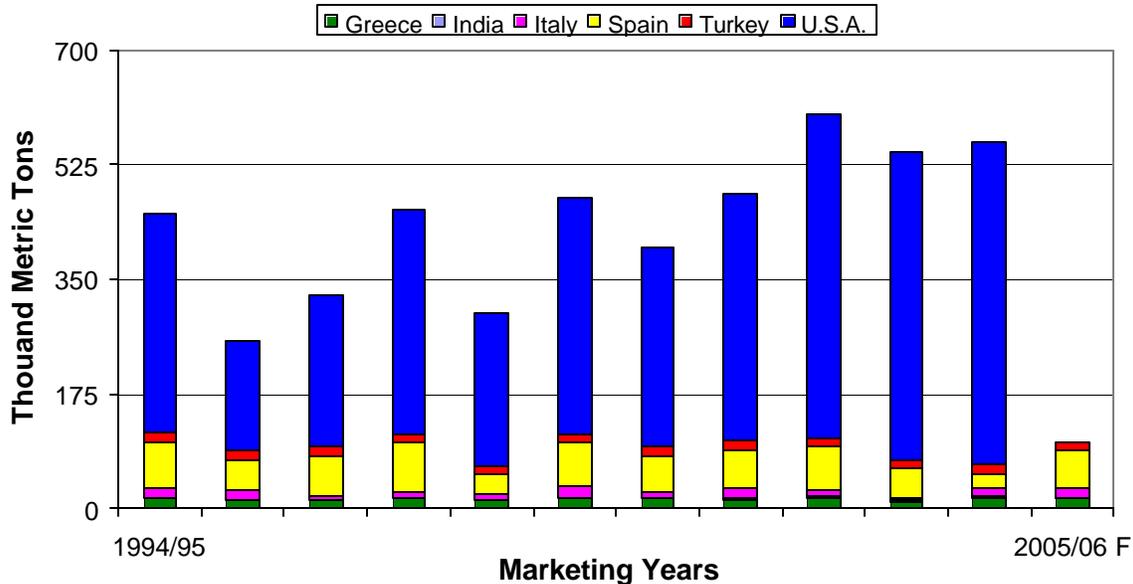


Source: FAO

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. 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 88 percent of reported production in 2004/05. The 2004/05 almond crop is estimated to be 490,000 tons (1.08 billion pounds). This is shy of the record 1.09 billion pounds in 2002/03. According to the California Agricultural Statistical Service 2004 [Objective Measurement Report](#), the bloom was very intense and lasted longer than normal. 2005/06 production forecasts for the United States are not currently available.

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

Abroad, almond production for marketing year (MY) 2004/05 in selected European countries is expected to be down 10 percent to 66,000 tons. This is mostly due to the crop failure in Spain, Europe's largest almond producer. However, forecasts for 2005/06 indicate a 52-percent increase to 100,000 tons assuming normal weather.

Effective January 1, 2005, EU tree nut farmers will receive €120.75/hectare as income support. Member state governments are allowed to offer an equal amount on top of that from their national budget. For more information, please see the [2004 Greece Tree Nuts Annual](#) report.

Production in Spain fell 48 percent to 23,000 tons for MY 2004/05. Coupled with a 33-percent production decline in 2003/04, the Spanish almond industry will depend upon imports to cover the shortfall. Assuming normal weather conditions and the upswing of the production cycle, the MY 2004/05 forecast is expected to be 59,000 tons.

Almond production in Italy for 2004/05 is expected to rebound 140 percent to 12,000 tons. While the recovery is significant, unfavorable weather has kept expected production below Italy's actual capacity. However, 2005/06 production is expected to return to more normal levels, reaching 15,000 tons.

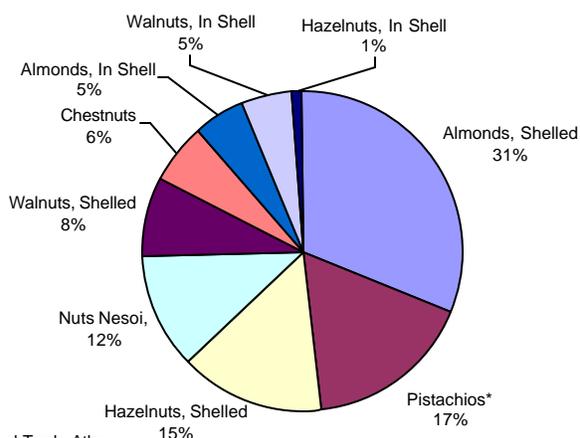
Greek almond production in 2003/04 fell 41 percent to 10,000 tons. However, production is estimated to be up 70 percent to 17,000 tons in 2004/05. The production forecast for 2005/06 is 15,000 tons.

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. Unfavorable weather-reduced production estimates for 2004/05 to 13,000 tons. Production in 2005/06 is expected to grow 2 percent to 13,300 tons.

Indian almond production in 2004/05 is expected to be 1,200 tons due to the upswing of the production cycle. The forecast for 2005/06 is a decrease to 1,100 tons, providing for normal weather. Most domestically produced almonds are consumed locally, in the Kashmir Valley.

Trade

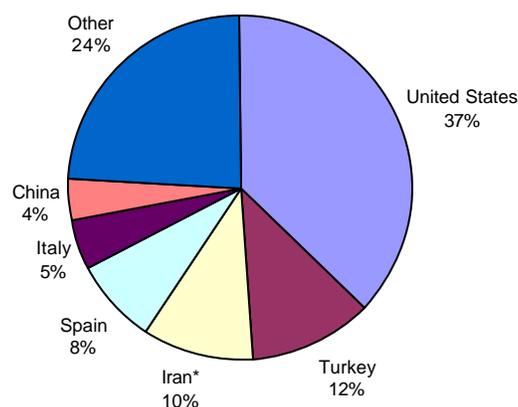
CY 2003 Global Export Mix of Tree Nuts (HTS 0802) By Value



Source: Global Trade Atlas.

*Pistachios include reported third country imports from Iran.

CY 2003 Global Leading Exporters of Tree Nuts (HTS 0802) by Value



Source: Global Trade Atlas.

* Based on reported imports of tree nuts from Iran

According to Global Trade Atlas, CY 2003 global exports of selected tree nuts¹ reached \$3.9 billion. In CY 2003, shelled almonds accounted for 31 percent (\$1.2 billion) of total tree nut exports and in-shell almonds accounted for 5 percent (\$211 million).

Of reported global almond exports (shelled and in-shell), U.S. almonds accounted for 53 percent, or \$837 million or 21 percent of total global tree nut (HTS 0802) exports. Shelled almond exports alone are 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 totals 37 percent.

United States

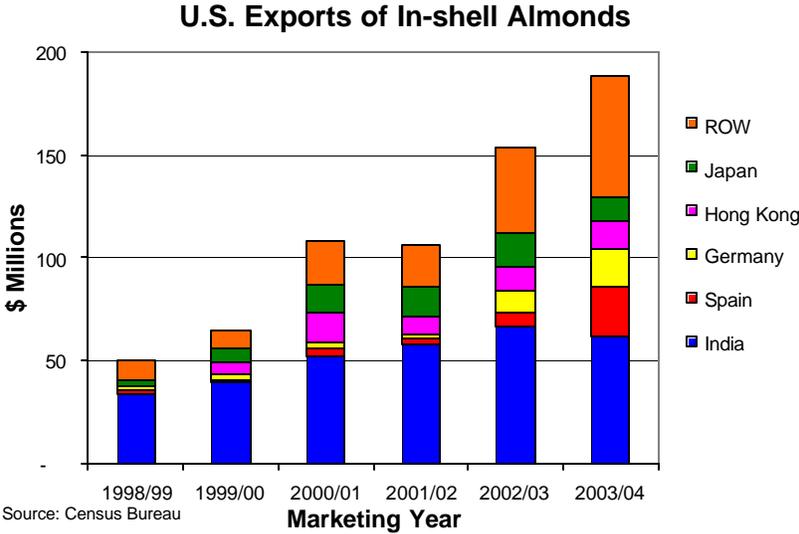
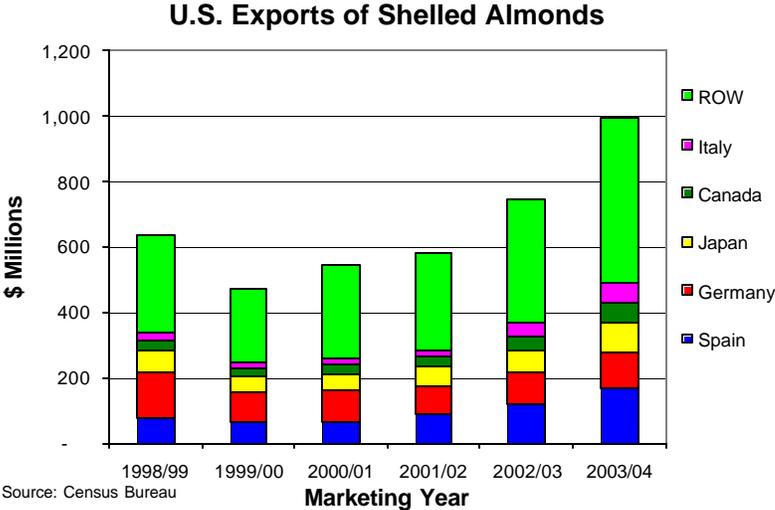
Shelled almond exports grew 30 percent reaching \$1.25 billion in 2003/04. Booming production in California and successive crop failures in Spain have increased U.S market share of the global market. Of total exports, nearly \$700 million (56 percent) went to the European Union, which is a 36-percent increase over 2002/03 while 22 percent (\$278 million) went into Asia. Other regional growth markets include South

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

America (up 93 percent to \$9 million), and the Former Soviet Union (up 121 percent, \$24 million), and North America (up 42 percent, \$92 million). For 2004/05, greater penetration into traditional markets and expansion of new markets is expected to boost U.S. almond exports above 337,000 tons.

The export value of shelled almonds grew by 33 percent to \$991 million. Exports to Spain, Europe’s largest almond producer and the most important U.S. almond market, grew 41 percent, totaling \$169 million.

Germany, the second largest export market for U.S. almonds, grew 13 percent to \$109 million. While rising exports to the EU were a substantial growth element, exports to the rest of the world (ROW) were again the main catalyst for growth. In 2003/04, exports to ROW grew 33 percent, reaching \$501 million.



Exports of in-shell almonds increased 22 percent to \$188 million. Exports to India, the largest in-shell almond market, declined 6 percent to \$62 million in 2003/04. This is largely attributable to onerous phytosanitary regulations implemented by India in January 2004. Continuing action by the almond industry and USDA has provided relief and is moving the issue towards a resolution. The decline in the Indian market was

more than offset by increases in the Spanish and French markets. U.S. in-shell almond exports to Spain grew 234 percent to \$24 million. However, as with shelled almonds, the bulk of the growth occurred in exports to other markets, reaching \$35 million in 2003/04.

Spain

While Spain is the world’s second largest producer of almonds and accounts for 23 percent of reported exports in CY 2003 (\$278 million), Spain is also the world’s second largest importer, accounting for 13 percent of total reported imports (\$168 million). Spain is the largest export market for U.S. almonds (CY

2003 exports \$155 million). However, industry sources estimate that 50 - 65 percent of U.S. almonds shipped to Spain were then exported to neighboring countries. This year's crop failure is expected to bolster imports of U.S. almonds. The import estimate for 2004/05 is a record 63,000 tons. In 2005/06, with an expected return to normal production, imports are forecast to decline to 55,000 tons. For more details, please see the [2004 Spain Tree Nuts Annual](#).

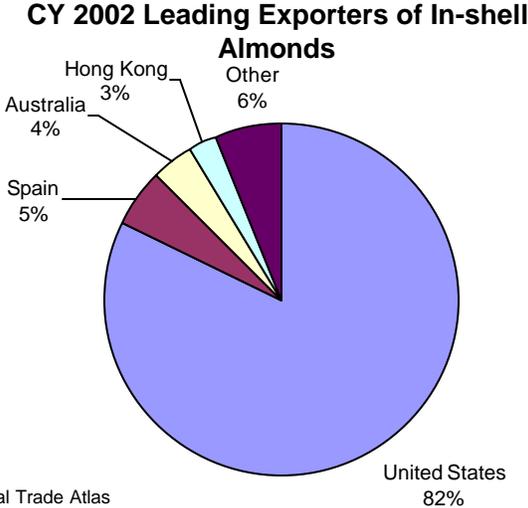
Italy

Despite being a major global producer of almonds, Italy is a net importer and relies on imports for domestic consumption. Italy's imports are strongly related to the domestic production cycle, with imports peaking in years of low production. In 2004/05 imports declined 8 percent to 24,000 tons. Imports are forecast to decline in 2005/06 in the face of increased domestic production.

In CY 2002, Italy imported \$59 million worth of almonds, of which 96 percent were shelled. The top suppliers of almonds to Italy in CY 2002 were 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. Italian exports totaled \$29 million in CY 2003. This is an 81-percent increase over last year, mostly due to a doubling of sales to France and Spain. For more details, see the [2004 Italy Tree Nuts Annual](#).

India

Importing over 94 percent of its consumption, India is the largest global and U.S. market for in-shell almonds. In CY 2003, the United States exported nearly \$80 million to India; of this, 88 percent (\$70 million) was in-shell. In 2004/05, India is expected to import 23,5000 tons, rising to 25,000 tons in 2005/06.



Source: Global Trade Atlas

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. For more details please see the [2004 India Tree Nuts Annual](#).

Greece

The almond trade in Greece is rapidly expanding. With the large crop in 2004/05, exports are expected to increase to 2,500 tons. Exports for 2005/06 are expected to fall slightly due to off-year production, but are

forecast to remain higher than previous levels.

The most dramatic change in the Greek almond trade is the growth in imports. Declining domestic production, the lower quality of Spanish almonds, and the favorable exchange rate provided a competitive advantage to U.S. almonds. In CY 2003, two-thirds of almond imports by value (\$23 million), came from the United States. However, in light of increased production, imports are slated to decline to 7,000 tons in 2004/05 and 6,500 tons in 2005/06. Most of the U.S. almonds imported into Greece are used as ingredients, as local varieties are preferred for snacks. For more information, please see the [2004 Greece Tree Nuts Annual](#) report.

(The FAS Attaché Report search engine contains reports on the almond industries for Greece, France, Spain, Italy, Turkey, and India. For information on production and trade, contact Kyle Cunningham at 202-720-0875. For information on marketing, contact Khaliaka Meardry 202-720-9903.)