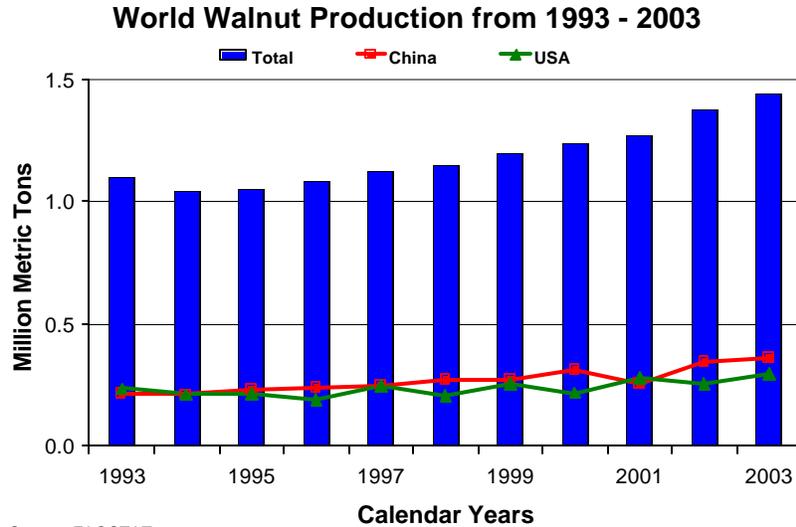


## World Walnut Situation & Outlook

### Production

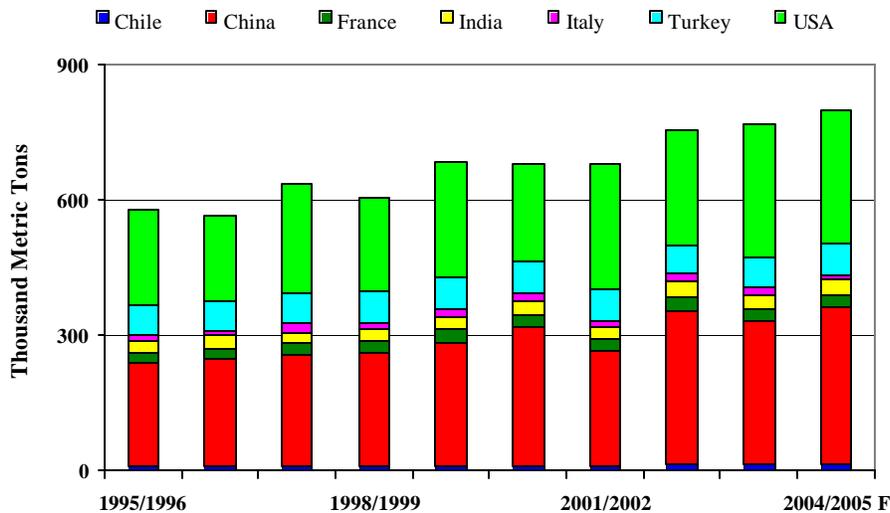
According to the Food and Agriculture Organization, the top six walnut producers in calendar year (CY) 2003 were China at 360,000 metric tons (25-percent share of the world's production), followed by the United States (294,000 tons, 20-percent share), Iran (160,000 tons, 11-percent share), Turkey (125,000 tons, 9-percent share), Ukraine (58,000 tons, 4 percent share), and Romania (50,000 tons, 4-percent share).



Source: FAOSTAT

The National Agricultural Statistical Service [Objective Measure Survey](#) estimates U.S. walnut production for 2004/05 at 295,000 tons, 1,000 tons lower than the record 2003/04 crop. Bearing area is growing approximately 4,000 acres per year reaching 217,000 acres in 2004/05. Industry sources indicate this growth will continue as more land is planted to walnuts.

### Walnut Production in Select Countries



Source: Agricultural Attaché Reports, USDA and NASS

France's walnut production is expected to recover after the drought of 2003 to 32,000 tons in 2004/05. Favorable weather and the upswing of the production cycle in India bolstered production estimates to 34,000 tons in 2004/05. The forecast for 2005/06 is for a decline to 31,500 tons due to the downswing of the production cycle. Despite a return to normal weather, Italy's 2004/05 production is expected to be down to

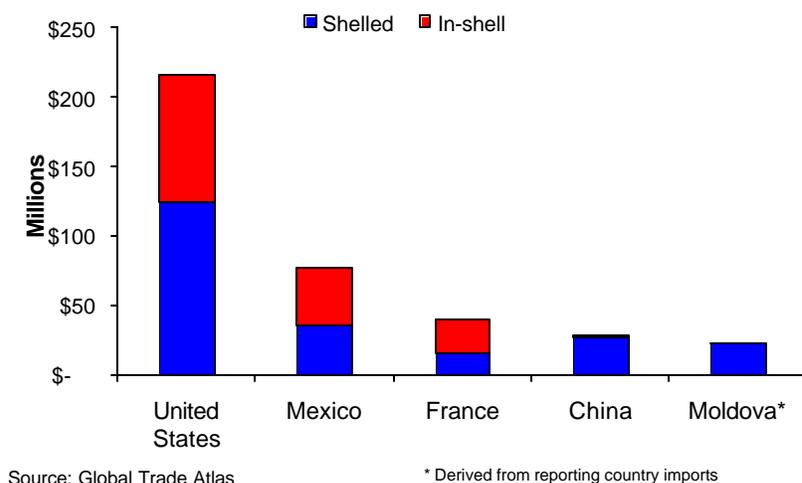
12,000 tons due to the crop cycle. Italian production for 2005/06 is forecast to be 15,000 tons. Chile's production is expected to increase to 14,500 tons in 2004/05. Utilization of improved cultivation and

replacement of low-yielding orchards set the stage for long-term production increases in Chile. The 2004/05 production estimate for Turkey is 68,000 tons, up 1 percent from the prior year. The production forecast for 2005/06 is 68,000 tons.

## Exports

According to Global Trade Atlas (GTA), \$538 million of walnuts were exported. Of this, 64 percent of the value was shelled walnuts at \$346 million, with in-shell walnuts accounting for 36 percent, valued at \$192 million. While the GTA reports Mexico as a significant trader in walnuts, the U.S. walnut industry has expressed concern that the nut traded may actually be pecans.

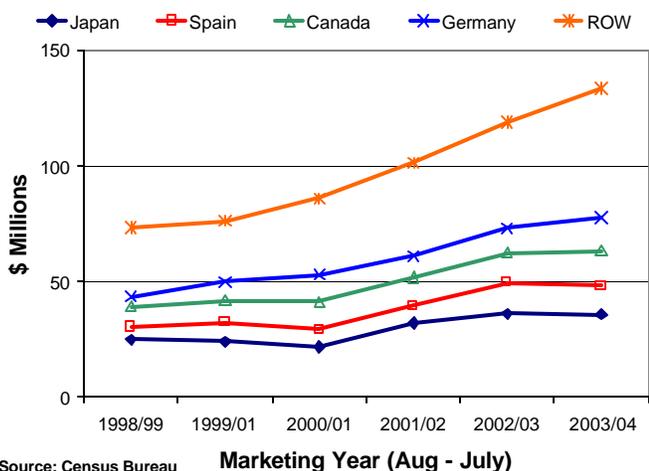
CY 2003 Leading Walnut Exporters



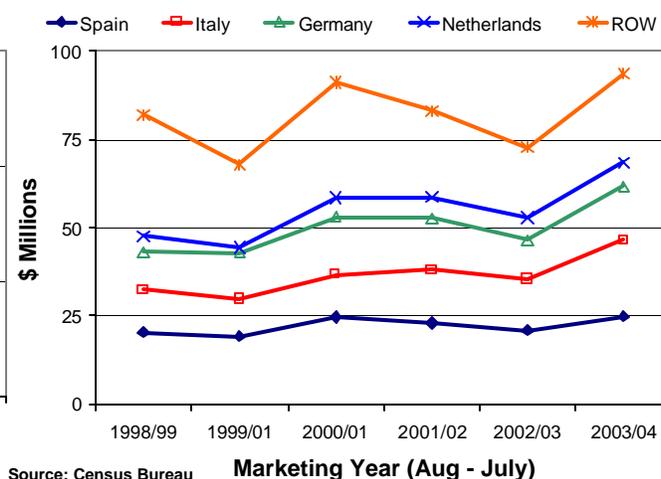
## United States

For both shelled and in-shell walnuts, the United States is the leading exporter with more than a 40 percent share of exports among the countries in the GTA database. Total shelled walnut exports for the United States came to \$134 million in 2003/04. Traditional markets for U.S. shelled walnuts -- Japan, Spain, Canada, and Germany -- have continued to grow at a steady pace. Expansion of smaller markets -- mostly European and South American -- accounted for most of the export growth. Total export sales of U.S. in-shell walnuts for 2003/04 were \$94 million. The European Union (EU) is the primary market for U.S. in-shell walnuts, and U.S. export levels fluctuate with changes in EU walnut production. For 2004/05, U.S.

U.S. Exports of Shelled Walnuts



U.S. Exports of Inshell Walnuts



walnut exports are forecast to be 135,000 tons.

## **France**

France is the largest producer and exporter of walnuts in the EU and an important competitor in this market. Most French exports are to neighboring European countries. The United States' best-market opportunity is in shelled walnuts and pieces. The in-shell market is dominated by the domestically produced and appellation labeled walnuts -- which is also the mainstay of French walnut exports. However, in 2003/04, France's walnut exports are expected to decrease due to lower quality and size of the crop and increased competition from California walnuts. For further information, please see [2004 French Tree Nut Semi-Annual Report](#).

## **India**

Indian exports of walnuts are expected to rise to 16,500 tons based on higher domestic production. The bulk of India's exports of shelled walnuts are sold to European countries, primarily Spain, Greece, Germany, and France. Over 95 percent of walnut exports are kernels in vacuum packs. However, given the strong domestic production and relatively high tariffs, there is little chance for imports. For further information, please see the [2004 India Tree Nut Annual](#).

## **China**

The major markets for Chinese walnuts include the EU and other Asian countries, which receive around 22,000 tons per year. GTA reports China's shelled exports to be \$26 million in CY 2003. The leading markets were the United Kingdom at \$6 million and Japan at \$5 million. Chinese exports of in-shell walnuts were \$1.4 million, with North Korea and Lebanon receiving \$648,000 and \$397,000, respectively. China sourced 96 percent of its \$1-million shelled walnut imports and 93 percent of its \$287,000 in-shell imports from the United States. For further information, please see [2004 China Tree Nut Annual](#).

## **Turkey**

Turkey's walnut trade is primarily with neighboring countries. GTA data show that Turkey imported \$10 million of shelled walnuts mainly from the Ukraine, Romania, Uzbekistan, and the Kyrgyzstan Republic. The main destinations for Turkey's \$970,000 shelled walnut exports were Bulgaria, the Turkish Free Trade Zone of Mersin, and Iraq. Turkish in-shell exports for CY 2003 totaled \$55,000, mostly to Algeria. Shelled imports of \$1.8 million came from the Ukraine, the United States, Bulgaria, and Uzbekistan. For additional information, please see the [2004 Turkish Tree Nut Annual](#).

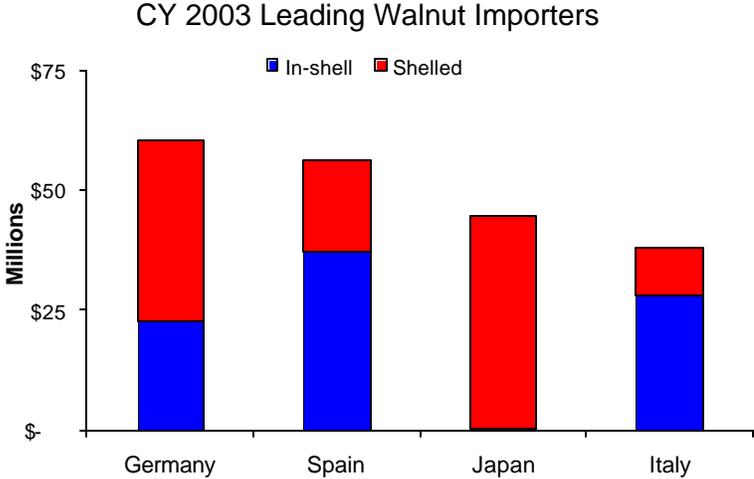
## **Imports**

The top four walnut importers (shelled and in-shell) in 2003 were Germany (\$61 million), followed by Spain (\$56 million), Japan (\$45 million), and Italy (\$38 million) according to GTA statistics. For EU-15 in CY

2003, the largest supplier of walnuts was the United States with \$32 million, Moldova (\$20 million), India (\$15 million), and the Ukraine (\$12 million).

**Germany**

Germany, as the world’s largest importer of walnuts, imported \$38 million of shelled and \$22.5 million of in-shell walnuts in CY 2003. The United States was the dominant supplier for both categories, with 26 percent of shelled and 49 percent of in-shell walnut imports.



Source: Global Trade Atlas

**Spain**

In CY 2003, Spain imported \$37 million of in-shell walnuts and \$19 million of shell walnuts. In both categories, the United States was the leading supplier of walnuts to Spain accounting for 76 percent and 50 percent of imports, respectively.

**Japan**

In CY 2003, Japan imported over \$45 million of walnuts, of which 99.5 percent were shelled. The leading supplier to Japan is the United States, supplying 89 percent of shelled and 100 percent of in-shell imports.

**Italy**

In CY 2003, Italy imported \$38 million worth of walnuts. Of this, 74 percent were in-shell walnuts and 26 percent were shelled walnuts. The United States is the predominant supplier of in-shell accounting for 76 percent of Italian imports. In CY 2003, Chile claimed 32 percent of Italy’s shelled import market, compared to 22 percent for the United States.

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