



# MARKET NEWS

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April 2007

## **U.S. Walnut Exports Forecast Unchanged From Previous Year**

### **Summary**

U.S. walnut production is estimated at 317,515 metric tons for marketing year 2006/07 (August–July), down 1 percent from last year. For 2006/07, U.S. walnut exports are forecast to remain relatively unchanged at 215,000 tons as decreased production is offset by increased market access for in-shell walnuts.

### **U.S. Walnut Production Forecast Down**

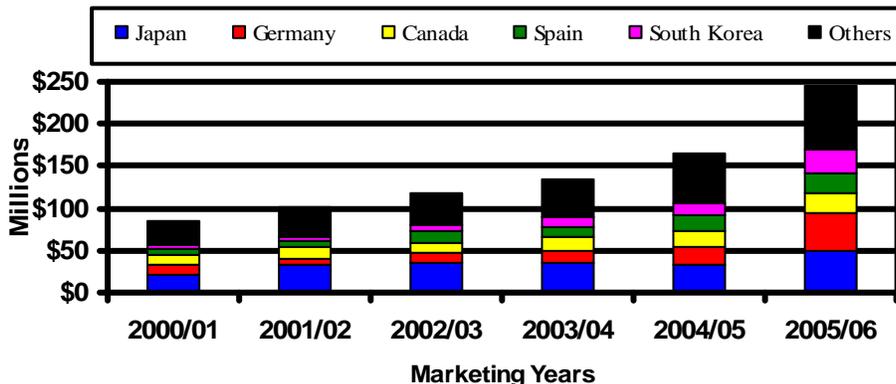
USDA National Agricultural Statistics Services (NASS) Walnut Objective Measurement Survey reported the 2006/07 production forecast at 317,515 tons, down 1 percent from the previous year's record level of 322,050 tons. The survey data indicated an average nut set of 1,458 per tree, down 7 percent from last year's average of 1,575 per tree. Bearing area is estimated at 87,007 hectares, unchanged from the previous year.

### **International Demand for U.S. Walnuts**

U.S. walnut exports, in-shell basis, for 2006/07 are estimated at 215,000 tons, relatively unchanged from last year's record level. In 2005/06, U.S. shelled walnuts accounted for 66 percent of total exports, valued at \$246 million, while in-shell walnuts accounted for 34 percent valued at \$125 million. The traditional markets for U.S. shelled walnuts, Canada, Germany, Japan, and Spain, continue to increase at a steady pace. The expansion of nontraditional shelled walnut markets account for nearly half of the export growth in recent years.

France is the largest producer and supplier of walnuts in the European Union (EU) and the U.S. walnut industry's largest competitor in this market. France's 2006/07 walnut production is estimated to climb 24 percent from last year to 41,000 tons, due to increased orchard areas planted to walnut trees and higher yields. Most of the surplus is expected to stay within the EU thus pressuring U.S. presence in the market. China's walnut production is forecast at 425,000 tons in 2006/07, up nearly 10 percent from the previous year. The estimated increase is a result of an anticipated bumper harvest in the top producing province of Yunnan and new bearings from recent plantings. In China, U.S. walnuts are distinguished as a high-quality product, and are sourced at a higher price. There are opportunities for U.S. walnuts in the bakery and confectionary industries. Additionally, the United States remains the single-largest exporter of walnuts to China.

**Improved Access Boosts U.S. Shelled Walnut Exports**

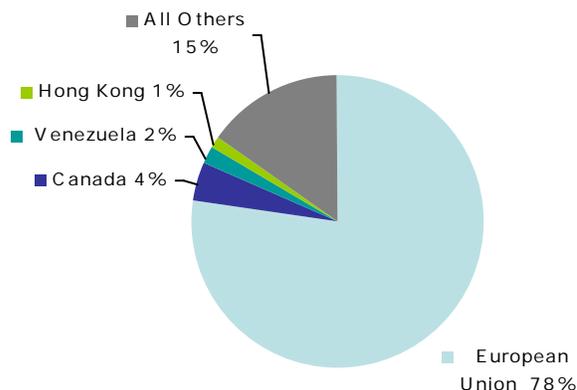


Source: Department of Commerce, U.S. Census Bureau

**Market Access for U.S. In-Shell Walnuts**

The California Walnut Commission (CWC) and Walnut Marketing Board oversee generic marketing and research activities. CWC marketing campaigns in South Korea, Japan, and Spain are focused on the nutrition and functionality of U.S. walnuts. USDA’s Technical Assistance for Specialty Crops (TASC) program is designed to assist U.S. organizations by providing funding for projects that address sanitary, phytosanitary, and technical barriers that prohibit or threaten the export of U.S. specialty crops. TASC funds were utilized to develop a walnut pest management alliance, which encouraged U.S. farms to adopt new pest management techniques. As a result, on May 22, 2006, South Korea’s National Plant Quarantine Service (NPQS) established that quarantine safety can be secured if in-shell walnuts are imported on the conditions of mandatory fumigation and a pre-clearance program. Since gaining access, U.S. in-shell walnut exports to South Korea already are much increased from previous levels.

**In-Shell U.S. Walnut Exports (\$125 million) Are Mostly Destined for the EU**



Source: Department of Commerce, U.S. Census Bureau

The USDA/Foreign Agricultural Service Production, Supply, and Distribution (PSD) database contains data on in-shell walnuts for the United States, Chile, China, France, India, and Turkey. <http://www.fas.usda.gov/psdonline/psdHome.aspx>

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