

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Tree Nuts Annual 2014

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Tree Nuts

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Report Highlights:

Italy is the second largest hazelnut producer in the world ahead of the United States, but 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. Hazelnut production is cyclical, bearing heavily in alternate years. MY 2014 will be a "lower" bearing year, with approximately 85,000 MT of hazelnuts produced. Moreover, continuous rain in July impaired pollination, while the cold temperatures during August compromised the harvest.

I. PISTACHIOS

Production, Supply and Demand (MT)

Pistachios, In-shell Basis	2012	2013	2014
	Estimates 2012/2013	Estimates 2013/2014	Forecast 2014/2015
	Post Data	Post Data	Post Data
Area Planted	3,543	3,534	3,534
Area Harvested	3,527	3,521	3,521
Beginning stocks	200	200	200
Production	2,850	3,215	900
Imports	6,626	12,343	12,400
Total Supply	9,676	15,758	13,500
Exports	249	461	245
Domestic consumption	9,227	15,097	13,055
Ending stocks	200	200	200
Total Distribution	9,676	15,758	13,500

Sources: Istat (National Institute of Statistics); Industry contacts; GTA (Global Trade Atlas)

PRODUCTION

Pistachio is a traditional crop in Italy, especially in Sicily region (Bronte area), where more than 90 percent of the production is located. *Bianca* (also called *Napoletana*) is the main pistachio variety grown in Italy and 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. Since 2004, pistachio from Bronte has been awarded by the European Commission as a PDO (Protected Designation of Origin), distinguishing it from all other pistachio varieties worldwide. Pistachio trees production is cyclical, bearing heavily in alternate years. MY 2014 will be a “lower” bearing year. Moreover, continuous rain during flowering in April impaired pollination. Quality is expected to be good.

CONSUMPTION

Italian in-shell pistachios are consumed as a snack food. Bakeries and food companies use shelled pistachios, while ice-cream makers mainly employ milled pistachios.

TRADE

Italian pistachio production is not sufficient to cover domestic demand, resulting in significant imports from Iran (via Germany and Belgium) and the United States (3,046 MT in 2013).

II. ALMONDS

Table 2: Production, Supply and Demand (MT)

Almonds, Shelled Basis	2012	2013	2014
	Estimates 2012/2013	Estimates 2013/2014	Forecast 2014/2015
	Post Data	Post Data	Post Data
Area Planted	68,437	55,603	55,600
Area Harvested	66,896	54,892	54,890
Beginning stocks	1,000	1,000	1,000
Production	7,500	5,000	7,000
Imports	34,689	29,346	29,500
Total Supply	43,189	35,346	37,500
Exports	7,716	7,500	7,600
Domestic consumption	34,473	26,846	28,900
Ending stocks	1,000	1,000	1,000
Total Distribution	43,189	35,346	37,500

Sources: Istat; Industry contacts; GTA

Production

Italy's MY 2014 almond production is forecast to increase significantly from the previous year to approximately 7,000 MT. Quality is expected to be exceptional. However, due to strong competition from competitively priced Californian and Australian almonds, cultivation in Italy has become less profitable. Therefore, many farmers have been abandoning this crop or shifting to more rewarding cultivations (i.e., citrus fruit, wine grapes, horticultural products). Furthermore, 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.

Consumption

In-shell almonds are mainly sold for fresh consumption. Shelled almonds are milled and generally used as a raw material for confectionary and bakery food companies.

Trade

In 2013, Italy imported 29,346 MT of almonds, mainly from the United States (16,880 MT) and Spain (7,473 MT). In 2013, Italy exported 7,500 MT of almonds mainly to Germany (2,328 MT), France (1,313 MT), and the United States (770 MT).

III. WALNUTS

Table 3: Production, Supply and Demand (MT)

Walnuts, In-shell Basis	2012	2013	2014
	Estimates 2012/2013	Estimates 2013/2014	Forecast 2014/2015
	Post Data	Post Data	Post Data
Area Planted	4,000	4,000	4,000
Area Harvested	3,800	3,750	3,740
Beginning stocks	2,000	2,000	2,000
Production	11,026	10,349	10,000
Imports	40,800	41,401	41,405
Total Supply	53,826	53,750	53,405
Exports	4,145	4,451	4,440
Domestic consumption	47,681	47,299	46,965
Ending stocks	2,000	2,000	2,000
Total Distribution	53,826	53,750	53,405

Sources: Industry contacts; GTA

PRODUCTION

Italy's MY 2014 walnut harvest is forecast to stay flat at approximately 10,000 MT. Quality is expected to be good. 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.

CONSUMPTION

In-shell and shelled walnuts for fresh consumption are mainly purchased during the winter months. However, more consumers are increasingly purchasing walnuts all year round, thanks to their perceived nutritional benefits.

TRADE

Italy imports mainly in-shell walnuts (mostly the *Hartley* variety) from the United States until June. Then, walnuts are imported principally from South America (Chile and Argentina) and Australia. France is also a major supplier to the Italian market. Furthermore, Bulgaria has been gradually increasing its walnut shipments to Italy in the past three years.

IV. HAZELNUTS

Table 4: Production, Supply and Demand (MT)

Hazelnuts, In-shell Basis	2012	2013	2014
	Estimates 2012/2013	Estimates 2013/2014	Forecast 2014/2015
	Post Data	Post Data	Post Data
Area Planted	57,992	71,484	71,484
Area Harvested	54,930	66,851	54,904
Beginning stocks	5,000	1,000	1,000
Production	85,232	116,405	85,000
Imports	61,840	77,853	78,000
Total Supply	152,072	195,258	164,000
Exports	33,680	29,734	29,700
Domestic consumption	117,392	164,524	133,300
Ending stocks	1,000	1,000	1,000
Total Distribution	152,072	195,258	164,000

Sources: Istat; Industry contacts; GTA

PRODUCTION

Italy is the second largest hazelnut producer in the world ahead of the United States, but 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 and €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 (Southern Italy). Hazelnut production is cyclical, bearing heavily in alternate years. MY 2014 will be a "lower" bearing year, with approximately 85,000 MT of hazelnuts produced. Moreover, continuous rain in July impaired pollination, while the cold temperatures during August compromised the harvest.

CONSUMPTION

Hazelnuts in Italy 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. Approximately 90 percent of the Italian harvest goes to processing companies, whereas fresh consumption represents the remaining 10 percent.

TRADE

In 2013, Italy imported 77,853 MT of hazelnuts, mainly from Turkey. In 2013, Italy exported 29,734 MT of hazelnuts, mostly to Germany, France, and Switzerland.

Abbreviations and Definitions Used in this Report

MY Marketing Year

Almonds, Hazelnuts and Pistachios: September/August

Walnuts: October/September

HS Codes:

Almonds: Shelled 080212; In-shell 080211

Walnuts: Shelled 080232; In-shell 080231

Filberts/Hazelnuts: Shelled 080222; In-shell 080221

Pistachios: Shelled 080252; In-shell 080251

Conversion factors used to convert shelled to in-shell tree nuts:

Almonds: 3.3

Hazelnuts: 2.03

Walnuts: 3.3

Pistachios: 1.5

Ha hectare; 1 ha = 2.471 acres

MT Metric ton = 1,000 kg

MS EU member state(s)