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Tree Nuts

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Approved by:

Holly Higgins

U.S. Embassy, New Delhi

Prepared by:

Deepa Dhankhar

Report Highlights:

Post forecasts MY 2006/07 (September-August) almond imports at 27,410 tons (kernel weight basis), 25 percent higher than the MY 2005/06 imports, in response to anticipated higher U.S. production and lower prices. Walnut production in MY 2006/07 (October-September) is forecasted at 36,000 tons (in-shell basis) due to likely higher yields in response to favorable weather conditions in major growing areas. Walnuts exports are forecast to increase to 16,500 tons in MY 2006/07.

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Includes Trade Matrix: Yes
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SECTION I - SITUATION & OUTLOOK

ALMONDS

Production

Almond production in India is insignificant, estimated at around 1,200 tons. Production is mostly confined to the hilly regions of Jammu and Kashmir and Himachal Pradesh in northern India. Production is categorized as paper shelled, soft-shelled, semi-soft-shelled, and hard-shelled. Shelling rate ranges from 20 to 25 percent in hard-shelled to 40 percent in thin-shelled.

Consumption

Almond consumption for MY 2006/07 is estimated at 28,000 tons, and is forecast at 29,000 tons in MY 2007/08. In the first few months of MY 2005/06, domestic almond consumption declined due to high prices for imported almonds from the United States, the largest almond supplier to India (See Table 2). However, a subsequent decline in the import price of U.S. almonds restored the demand for U.S. almonds. Higher almond prices led to an increased demand for other lower-priced nuts such as apricot, walnuts, pistachios, and cashew. Market sources report that the confectionery industry, which typically accounts for 25 to 35 percent of domestic almond consumption, preferred to substitute cheaper apricot kernels from Turkey for almonds.

Almond is one of the most favored nuts in India. It is increasingly gaining popularity among the growing middle-income population, due to its nutritional benefits. The *Nonpareil* variety from the U.S. continues to be the market leader due to better consumer preference. The variety is favored for its distinct traits like bigger size, good color, and sweetness. Market sources confirm that more than 90 percent of Indian consumers prefer this variety. An Iranian variety known as *Mamra* is popular among the business community in Rajasthan and Gujarat. *Gulbandi*, another Iranian variety, had limited consumer preference in MY 2005/06.

Trade

Post forecasts MY 2006/07 almond imports at 27,410 tons, compared with 22,010 ton in MY 2005/06, due to good crop prospects in the U.S. and likely lower prices. The U.S. typically has an 80-90 percent share in Indian almond market. MY 2005/06 almond imports were lower because of higher prices during the peak demand season of October through February. Consequently, imports from the U.S. registered a 27 percent decline and also resulted in a 10 percent loss of market share to other traditional and new suppliers such as Australia, Chile, and Turkey. Afghanistan, traditionally the second largest almond supplier to India enjoys a 50 percent concession on basic import duty under the Indo-Afghan trade agreement (see IN 3040). Nonetheless, market sources report a decline in imports from Afghanistan because of the poor orchard management practices and lack of adequate infrastructure to handle trade. Imports from Afghanistan in MY 2005/06 are estimated to have declined by 12 percent.

In MY 2005/06, Chile and Syria emerged as new players in the Indian market. Imports from Australia also increased significantly to 1,900 tons, thus becoming the second largest supplier of almonds to India.

Trade Policy & Marketing Opportunities

According to market sources, the existing market size for almonds in India is significantly below the estimated potential of 30,000 to 35,000 tons. Constraining factors are high tariffs

(see Table 9) leading to higher domestic prices, and inadequate trade promotion. Major almond traders in India opine that market promotional activities, particularly in southern states, would help increase consumer awareness about almonds and help to realize the estimated potential.

WALNUTS

Production

India's walnut production in MY 2006/07 is estimated higher than the previous year at 36,000 tons (in-shell basis) due to overall favorable growing conditions in the major growing state of Jammu & Kashmir, resulting in a healthy nut bearing. However, temperatures and rainfall during the crucial pre-harvest month of August would be an important factor influencing the final crop size and quality. Assuming normal growing conditions next year, Post forecasts MY 2007/08 production at 36,500 tons.

Walnut cultivation is largely confined to the hilly tracts of Jammu and Kashmir with relatively smaller production occurring in Uttaranchal and Himachal Pradesh. Yields are low at 18-50 kg per tree per year because of poor genetic material, lack of irrigation, and poor orchard management practices. Indian walnuts (in shell) are categorized as paper-shelled, thin shelled (*kaghazi*), medium-shelled, and hard shelled. The average shelling rate is 40 percent, but can go up to 70 percent in thin-shelled varieties. Walnut area is not increasing significantly because of the vulnerability of the major growing region of Kashmir to militant attacks.

Consumption

Post estimates walnut consumption for MY 2006/07 at 18,900 tons on expected good crop and growing demand. Consumption in MY 2007/08 is forecast at 19,300 tons.

Walnut prices rose sharply in MY 2005/06 in response to higher prices for competing nuts (See Tables 6 & 7). Prices are expected drop to normal levels in MY 2006/07 because of expected higher production. Walnut kernels are categorized as light halves, light broken/amber halves, and amber broken, depending upon the size and color of the kernel. Ambers are dark colored, used mostly by the confectionery industry. Light halves are light in color and are the highest priced. Post harvest operations for walnuts are mostly done manually; for packaging, vacuum packs are used. Walnuts are typically priced below most other competing nuts and are therefore largely favored by the middle-income group.

Trade

Post forecasts MY 2006/07 and MY 2007/08 exports at 16,500 tons and 17,500 tons respectively. However, crop prospects and prices in other exporting countries would influence Indian exports. Walnuts are mainly exported as kernels in vacuum-packed cartons. Spain and Germany were the major importers in MY 2005/06, followed by Egypt, United Kingdom, Greece, France, Denmark, Netherlands, Taiwan, and New Zealand.

Trade Policy

Walnuts attract a 30.6 percent applied import duty (see tariff table 9). There are no quantitative restrictions on imports. Although South Asian Association for Regional Cooperation (SAARC) countries and Afghanistan enjoy lower tariffs under preferential trade agreements, there are limited walnut imports into India.

SECTION II – STATISTICAL TABLES

Table 1: Commodity, Almond, PSD

PSD Table							
Country	India						
Commodity	Almonds, Shelled Basis				(HA) (1000 TREES) (MT)		
	2005	Revised	2006	Estimate	2007	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		09/2005		09/2006		09/2007	MM/YYYY
Area Planted	19000	19000	19000	19000	0	19000	(HA)
Area Harvested	17000	17000	17000	17000	0	17000	(HA)
Bearing Trees	1120	1120	1120	1150	0	1150	(1000 TREES)
Non-Bearing Trees	200	200	200	210	0	210	(1000 TREES)
Total Trees	1320	1320	1320	1360	0	1360	(1000 TREES)
Beginning Stocks	7190	7000	6990	6660	6690	7270	(MT)
Production	1000	1150	1200	1200	0	1250	(MT)
Imports	22800	22010	25500	27410	0	28000	(MT)
TOTAL SUPPLY	30990	30160	33690	35270	6690	36520	(MT)
Exports	0	0	0	0	0	0	(MT)
Domestic Consumption	24000	23500	27000	28000	0	29000	(MT)
Ending Stocks	6990	6660	6690	7270	0	7520	(MT)
TOTAL DISTRIBUTION	30990	30160	33690	35270	0	36520	(MT)

Note: The PSD is based on discussions with major traders based on trade and industry sources.

Table 2: Commodity, Almond, Prices

Prices Table			
Country	India		
Commodity	Almonds, Shelled Basis		
Prices in	Rupees	per uom	100 Kg.
Year	2005	2006	% Change
Jan	38500	38750	1%
Feb	37700	36250	-4%
Mar	38300	38000	-1%
Apr	41850	38500	-8%
May	45775	40700	-11%
Jun	46275	43525	-6%
Jul	45500	45300	0%
Aug	49000		-100%
Sep	50050		-100%
Oct	48250		-100%
Nov	45370		-100%
Dec	42500		-100%
Exchange Rate	46.4	Local Currency/US \$	
Date of Quote	08/09/05	MM/DD/YYYY	

Source: Economic Times (Average week-end prices in the Delhi Wholesale Market)

Table 3: Wholesale Almond Kernel Prices (Rs./Kg.), Delhi Market

Type (Origin)	MY 2005/06	MY 2004/05
Californian Almonds	275-510	350-465
Mamra Almonds (Iran)	750-900	600-900
Qumi Almonds	450-500	350-600
Gulbandi Almonds (Afgan)	380-450	325-430

Source: Trade and industry sources

Table 4: Commodity, Almond, Import Trade Matrix

Import Trade Matrix			
Country	India		
Commodity	Almonds, Shelled Basis		
Time Period	Sept-Aug	Units:	Metric tons
Imports for:	2004		2005
U.S.	23937	U.S.	17414
Others		Others	
Afghanistan	1657	Afghanistan	1450
Iran	727	Iran	590
Australia	423	Australia	1900
Chile	69	Chile	171
Total for Others	2876		4111
Others not Listed	82		485
Grand Total	26895		22010

Source: Estimates derived from official GOI sources (2004/05), as well as trade and industry sources (2004/05/06).

Table 5: Commodity, Walnut, PSD

PSD Table							
Country	India						
Commodity	Walnuts, Inshell Basis				(HA) (1000 TREES) (MT)		
	2005	Revised	2006	Estimate	2007	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2005		10/2006		10/2007	MM/YYYY
Area Planted	36600	36600	36600	36600	0	36600	(HA)
Area Harvested	30800	30800	30800	30800	0	30880	(HA)
Bearing Trees	1330	1330	1345	1345	0	1360	(1000 TREES)
Non-Bearing Trees	265	265	250	250	0	235	(1000 TREES)
Total Trees	1595	1595	1595	1595	0	1595	(1000 TREES)
Beginning Stocks	1800	2400	1800	1900	1900	2500	(MT)
Production	32000	32000	34000	36000	0	36500	(MT)
Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	33800	34400	35800	37900	1900	39000	(MT)
Exports	14000	15500	15400	16500	0	17500	(MT)
Domestic Consumption	18000	17000	18500	18900	0	19300	(MT)
Ending Stocks	1800	1900	1900	2500	0	2200	(MT)
TOTAL DISTRIBUTION	33800	34400	35800	37900	0	39000	(MT)

Note: The PSD is based on local trade data.

Table 6: Commodity, Walnut, Price

Prices Table			
Country	India		
Commodity	Walnuts, Inshell Basis		
Prices in	Rupees	per uom	100 Kg
Year	2005	2006	% Change
Jan	11500	16000	39%
Feb	12000	16000	33%
Mar	12000	14500	21%
Apr	10000	14000	40%
May	10750	14000	30%
Jun	11500	12500	9%
Jul	11500	14000	22%
Aug	11500		-100%
Sep	11000		-100%
Oct	13500		-100%
Nov	15000		-100%
Dec	15000		-100%
Exchange Rate	46.17	Local Currency/US \$	
Date of Quote	08/9/06	MM/DD/YYYY	

Source: Economic Times (Average week-end prices in the Delhi Wholesale Market).

Table 7: Walnut Prices during 2003/04

PRICE	UNITS	MY 2005/06	MY 2004/05	MY 2003/04
Wholesale Price of FAQ Walnut	(Rs./Kg)	65-90	55-60	48-55
Export Price (C&F Europe)	US\$/MT			
1. Light Halves		4800-6800	4500-6500	4150-4850
2. Light Broken/Amber Halves		4000-5800	3500-4800	2950-3650
3. Amber Broken		4000-5000	2800-4250	2750-3100

Source: Trade and industry Sources

Table 8: Commodity, Walnut, Export Trade Matrix

Export Trade Matrix			
Country	India		
Commodity	Walnuts, Inshell Basis		
Time Period	April-March	Units:	Metric Tons
Exports for:	2004		2005
U.S.	12	U.S.	0
Others		Others	
Spain	2449	Spain	4400
Germany	1580	Germany	2200
U.K.	2005	Egypt	1650
Egypt	1164	U.K.	1513
Greece	838	Greece	1238
Netherlands	1082	Denmark	688
Denmark	685	Netherlands	275
France	896	France	1375
Taiwan	403	Taiwan	275
Kuwait	385	New Zealand	550
Total for Others	11487		14164
Others not Listed	2742		1346
Grand Total	14241		15510

Note: MY 2004 refer to Indian Fiscal Year (IFY) 2004/05 (April-March) as most exports happen during October 2004 through March 2005.

Source: MY 2004 – Export figures from DGCIS, Ministry of Commerce.
MY 2005 – Provisional Trade Estimates

Table 9: Almonds and Walnuts Tariffs

Commodity Code	Description	Import Policy	Basic Duty/2	Education Cess	Total Applicable Duty /5
HC 0802.11	Almonds Inshell	OGL /1	Rs 35/kg	Exempted /3	Rs 35/kg
HC 0802.12	Almond Kernel	OGL /1	Rs 65/kg	2%	Rs. 66.3/kg
HC 0802.31	Walnut In Shell	OGL /1	30/20% /4	2%	30.6/20.4% /4
HC 0802.32	Walnut Shelled	OGL /1	30/20% /4	2%	30.6/20.4% /4

Notes on Tariff:

/1: OGL (Open General License) – no quantitative restrictions.

/2: Under the IAPTA, a tariff concession of 50 percent applied on the basic import duty for these goods if imported from Afghanistan.

/3: Almond in shell exempted from the education cess.

/4: Preferential duty for SAARC countries (Pakistan, Bangladesh, Sri Lanka, Nepal, Maldives and Bhutan).

/5: Method for computing Total applicable duty:

A: CIF Value of Good

B: Basic Duty = Basic Duty Rate * A

C: Education Cess (EC) = EC Rate * B

Total Applicable Duty = B+C