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Global Agricultural Information Network

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Romanian Walnut Production Gets Shot in the Arm

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Tree Nuts

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Report Highlights:

Walnut production in Romania strengthened over recent years due to favorable weather conditions and new plantings. Rising demand, profitability, and European Union (EU) subsidies drive interest among growers. Although domestic production mostly meets local demand for walnuts, Romanian consumers rely on imports for almonds and pistachios. U.S. tree-nut exports to Romania grew by 75 percent over the last five years, with almonds accounting for over half of U.S. exports. Consumers perceive tree nuts as healthful and this drives demand. Post recommends readers also view the EU-28 Consolidated Report [Tree Nuts report](#).

Crop Area and Production

In recent years, Romanian walnut production has steadily grown, supported by growing domestic demand, increasing profitability, and EU subsidies. In 2017, Romania was the largest walnut producer in the EU and among the world's top-ten producers¹. Walnut trees grow throughout Romania, although the main production regions are in the Carpathian Mountains, as well as northwestern, northeastern, and southern regions. Walnut trees can cope well under various temperatures, although prolonged hot and dry weather may negatively affect walnut production. Weather conditions in 2017 and 2018 were particularly favorable, which translated in higher yields.

Although small farmers and backyard holders account for most of Romania's walnut trees, there is increasing commercial interest among larger and more intensive walnut producers, many of whom are looking to take advantage of EU subsidies. Walnut production offers appealing options for those willing to make a long-term investment. Despite the long timeframes required for trees to mature, walnut production is low maintenance and require less manual labor than other orchard crops. Apart from the primary production, value addition, including processing and packaging walnuts, is also increasing.

As mentioned above, favorable 2017 and 2018 weather conditions had positive affect on crop development. Post estimates that the number of walnut trees increased slightly in 2018, producing about 44,000 MT of walnuts, marginally lower than 2017 (see Table 1).

Table 1: Walnut area and production, Romania, 2013 - 2018

Walnut trees		Years					
		2013	2014	2015	2016	2017 (e)	2018 (f)
Number of trees	'000	1,810	1,838	1,840	1,846	1,842	1,845
Production	MT	31,764	31,514	33,394	34,095	45,800	44,000
Yield	(kg/tree)	18	17	18	18	25	24

Source: National Institute of Statistics; FAS; e- estimate; f-forecast

Romania's almond area is small and is concentrated in the southwestern region of the country, where the Mediterranean climate offers good conditions for tree development. Almond production is small-scale and consumer demand is met almost entirely through imports.

Policy

Walnut growers receive regular support payments, but there is no specific government programs to support the walnuts. Walnut growers are eligible to receive subsidies under EU fruit tree programs, which cover some planting costs, backing systems, soil preparation, as well as hail and flood insurance. EU funding may cover up to 50 percent of the value of the investment, from \$110,000 to \$1.15 million, depending on the farm size. Farmers receive support based on tree density, which is broken into three categories--classic (up to 100 trees/HA), intensive (101-178 trees/HA), and super intensive (above 178 trees/HA). Similarly, almond plantations may vary from below 238 trees/ha up to 400 trees/ha and more. For hazelnut trees, the size varies from 400 trees/ha to over 667 trees/ha.

Trade

¹ Official production data unavailable for 2018.

Total tree nut imports increased by almost 65 percent in 2017 over 2016. 2018 imports declined by 11 percent. Although almonds and hazelnuts import grew, this did not offset the drop in walnuts imports (Table 2). The decline may be attributed to higher average import prices, which tempered demand. In addition, since walnuts have the highest share in total import, any change in domestic availability influences the import demand. The large walnut production levels in 2017 and 2018 led to import demand contraction.

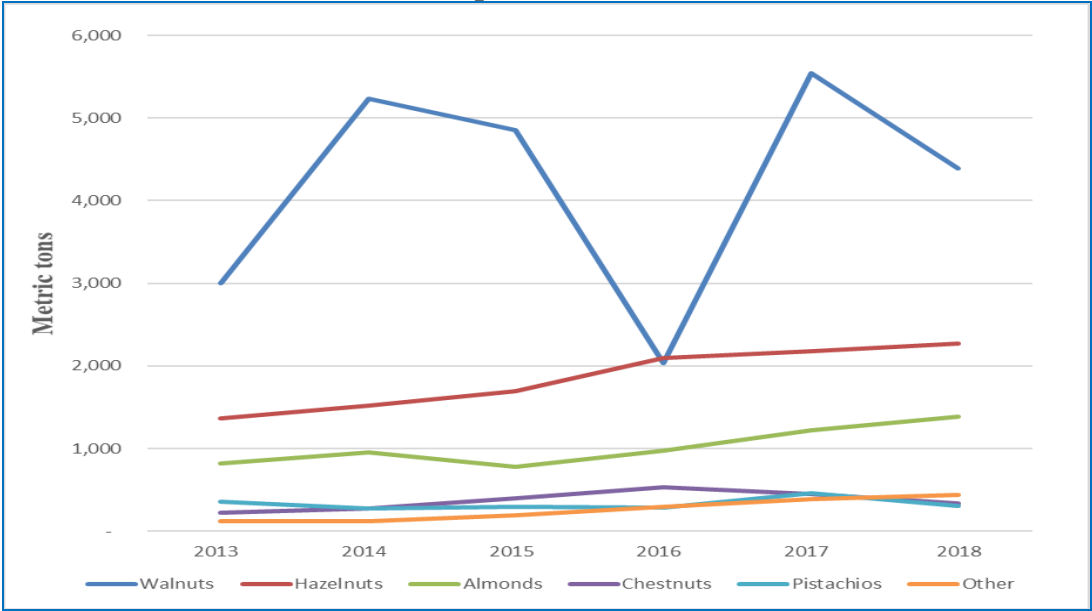
Table 2: Romania – Nuts Import, Fresh or dried (MT)

Tree Nuts	2013	2014	2015	2016	2017	2018	% Change
Walnuts	3,002	5,239	4,853	2,038	5,538	4,387	-20.78
Hazelnuts	1,361	1,524	1,696	2,098	2,180	2,273	4.27
Almonds	822	956	776	975	1,226	1,384	12.89
Chestnuts	223	270	399	532	450	337	-25.11
Pistachios	358	270	299	290	461	309	-32.97
Other nuts	118	125	189	292	386	440	13.99
TOTAL	5,884	8,384	8,212	6,225	10,241	9,131	-10.83

Source: Global Trade Atlas

Chart 1 below indicates that walnut imports tend to fluctuate, while other tree-nuts imports show steady growth, namely almonds, hazelnuts, macadamia nuts.

Chart 1: Romania – Total Nuts Import, Fresh or dried (MT)

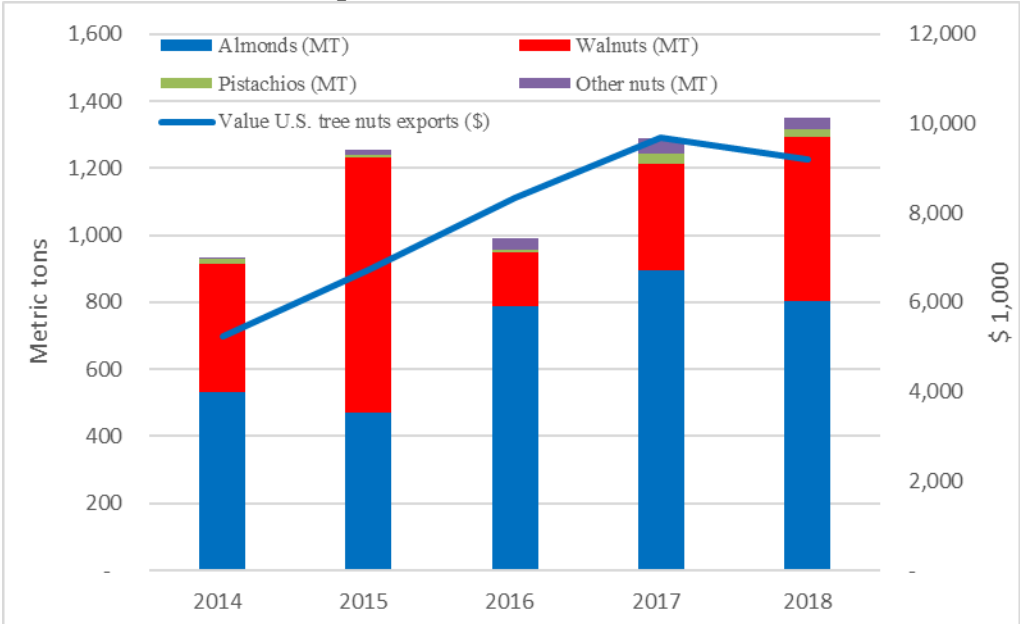


Source: Global Trade Atlas

The top 2018 walnut suppliers to Romania were Belgium, Poland, and Chile for in-shell walnuts, and Ukraine, Austria and Germany for shelled walnuts. Hungary is the major shelled hazelnut supplier, while Iran supplies a notable amount of pistachios in Romania. The United States is among Romania’s largest tree nuts suppliers and accounts for 21 percent in terms of

value and 15 percent in terms of volume. U.S. tree nut exports to Romania grew from \$5.2 million in 2014 to \$9.7 million in 2017, but declined by five percent in 2018 (see Chart 2). The three-percent increase in walnut exports could not entirely offset the five-percent drop in almonds, account for a larger share. Conversely, volumes rose by five percent in 2018, largely due to walnuts. This is the highest nut volume exported to Romania from United States in the past five years (1,350 MT). U.S. shipments accounted in 2018 for nearly 60 percent in case of almonds and 11 percent in case of walnuts.

Chart 2: U.S. tree nut exports to Romania



Source: *Global Trade Atlas*

Despite being the largest walnut producer in the EU, Romania is not a major player on the European market. That may be attributed to several weaknesses, such as inconsistent quality, short shelf life, poor packaging, and a general lack in marketing. These issues may be related to the informal nature of the walnut sector and small farm sizes, as walnut trees are mostly a backyard product. As the investments in this area build and the new walnut orchards reach maturity, Romanian producers may increase their international profile. In 2018, walnut exports fell by 15 percent after a hike of 11 percent in 2017. Major export markets are France, Germany, Croatia, and Slovenia (please see Appendix 1 for more details). Apart from walnuts, Romania exports hazelnuts, mainly to Italy.

Consumption

The tree and groundnuts market consists mainly of walnuts, peanuts, hazelnuts, almonds, and pistachios. According to GfK Research Company, in 2017 walnuts accounted for nearly 60 percent of the market, followed by peanuts at one third, and pistachios and almonds each with about three-four percent. In terms of packaging, about one third of the volume is marketed in bulk in small stores or wet markets.

Walnuts are generally consumed as snacks, plain or in mixes, and as ingredients in baking. Walnut consumption tends to be consistent throughout the year, with seasonal spikes during Christmas and Easter, when traditional cakes are prepared in-house. A small portion of production is harvested green

for making jams. Walnut oil is becoming more popular due to its health benefits. Nuts demand is associated with the positive dynamic of the breakfast cereals market, mixed either with grains or with other dried fruits. Demand is expected to continue expanding as recipes for healthful dishes incorporate more nuts for nutritional benefits and consumers adopt healthier eating habits.

Appendix 1

Romania Export Statistics								
Commodity: 080232, Walnuts, Fresh Or Dried, Shelled								
Year To Date: January - December								
Partner Country	Unit	Quantity			% Share			% Change
		2016	2017	2018	2016	2017	2018	2018/2017
World, of which	T	4,266	4,753	4,039	100.00	100.00	100.00	- 15.02
Netherlands	T	93	88	757	2.18	1.85	18.73	762.18
France	T	587	1086	707	13.76	22.85	17.51	- 34.86
Germany	T	606	763	610	14.20	16.05	15.09	- 20.10
Croatia	T	415	497	349	9.74	10.45	8.64	- 29.79
Slovenia	T	365	383	291	8.55	8.06	7.20	- 24.15
Italy	T	321	378	287	7.51	7.95	7.10	- 24.09
Bosnia & Herzegovina	T	186	159	218	4.37	3.35	5.39	36.74
Spain	T	403	229	118	9.44	4.82	2.92	- 48.43
Portugal	T	155	112	109	3.63	2.35	2.69	- 2.57
Hungary	T	223	93	100	5.22	1.96	2.49	7.60
Austria	T	63	273	76	1.49	5.75	1.87	- 72.28
Greece	T	46	40	74	1.09	0.85	1.83	83.22
United States	T	20	0	61	0.47	0.00	1.50	0.00
Jordan	T	244	83	60	5.72	1.74	1.49	- 27.55
Lithuania	T	36	29	40	0.84	0.61	0.99	38.31
Albania	T	0	0	38	0.00	0.00	0.94	0.00
Kosovo	T	0	6	38	0.00	0.13	0.94	535.33
Macedonia	T	17	18	35	0.40	0.38	0.86	93.51
Turkey	T	210	107	21	4.93	2.25	0.52	- 80.32

Source: Global Trade Atlas