

Voluntary Report – Voluntary - Public Distribution

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Report Name: Success Story - It's Been a Tough Nut to Crack but India is all in on Pecans with the Tariff Reduction

Country: India

Post: New Delhi

Report Category: Tree Nuts, Trade Policy Monitoring, Export Accomplishments - Other, Agriculture in the News

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Report Highlights:

On February 1, 2023, the Ministry of Finance, Government of India presented its annual Union Budget to the Lok Sabha (lower parliament house) for Indian fiscal year 2023/2024 (April 1-March 31). In its Finance Bill, 2023 (No. 02/2023-Customs), the Finance Ministry announced changes in customs and central excise duty rates for various commodities, including pecans. Effective April 1, 2023 and pending approval by the Lok Sabha, India has reduced its basic custom duty on pecans from 100 percent to 30 percent, while rescinding the previous Social Welfare Surcharge. Resulting from this success, FAS New Delhi (Post) projects U.S. pecan exports potentially expanding to \$2-5 million annually in this burgeoning market for U.S. tree nuts, the combined value of which exceeded \$1 billion in 2022. In 2022, the United States exported around 109 metric tons (MT) of pecans to India, valued at over \$1.3 million.

DISCLAIMER: The information contained in this report was retrieved from Ministry of Finance, Government of India at <https://www.indiabudget.gov.in/>. The Foreign Agricultural Service (FAS) Office of Agricultural Affairs at the U.S. Embassy in New Delhi, USDA and/or the U.S. government make no claim of accuracy or authenticity. The Government of India has not officially endorsed this report. Import approval for any product is subject to local rules and regulations as interpreted by Indian officials at the time of product entry. [Note: Use Google Chrome to access the links that do not open in Microsoft Edge. Indian host sites will geo-block site access on a rolling basis].

GENERAL INFORMATION

On February 1, 2023, the India's Ministry of Finance presented its annual Union Budget (yearly estimation of revenue and expenditure of the Central Government) to the *Lok Sabha* (lower house of parliament) for Indian fiscal year 2023/2024 (April 1-March 31) (see, attachment). Effective April 1, 2023, the import tariff for pecans has been reduced from 100 percent to 30 percent, while the previous 10 percent Social Welfare Surcharge exemption has been withdrawn.¹ As a result, the effective customs rate for pecan nuts, harmonized tariff system (HS) code 0802.9900 is 30 percent.²

BACKGROUND

On February 1, 2023, India's Ministry of Finance, Department of Revenue issued **Notification No. 02/2023-Customs** in the Gazette of India, Extraordinary, Part II, Section 3, Subsection (i) (official gazette), whereby it sets the import duty tariff rate for pecans, HS code 0802.9900, at 30 percent, effective April 1, 2023 (see, Appendix I). The new duty rate represents a significant relaxation from the previous duty of 100 percent, while the previous 10 percent Social Welfare Surcharge has been withdrawn. Previously, pecans lacked a unique HS code, subjecting them to the higher tariff "nuts, others" category.

India's Ministry of Finance notified the custom duty changes at: <https://www.indiabudget.gov.in/> and **Notification No. 02/2023-Customs** at: <https://www.indiabudget.gov.in/doc/cen/cus0223.pdf>.

IT'S BEEN A TOUGH NUT TO CRACK, BUT A SUCCESS STORY NONETHELESS!

Yes, We Pe-Can: India's announcement comes following years-long efforts by the U.S. pecan industry and U.S. government advocacy led by the U.S. Trade Representative, FAS New Delhi (Post) and the interagency, and U.S. Senator Jon Ossoff (D-Georgia) to reduce the duty on pecans. The move by the Indian government will boost imports of this relatively new to market tree nut.

So, What Does it all Mean? FAS New Delhi projects the reduced tariff will result in additional U.S.-origin pecan exports to India over the next 6-12 months, which will benefit Indian consumers through

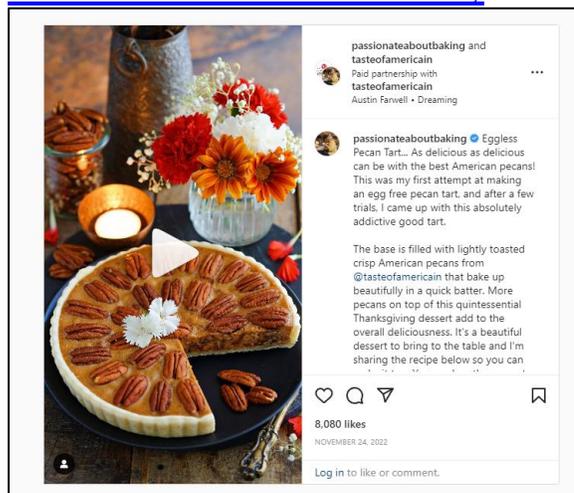
¹ The Social Welfare Surcharge is applied at the rate of 10 percent of the aggregate of customs duties payable on the import of goods and not on the value of imported goods.

² Includes both shelled and in-shell pecans.

access to a less expensive product.³ In 2022, the United States exported roughly 109 metric tons (MT) of pecans to India, valued at over \$1.3 million. Once the reduced duty goes into effect April 1, 2023, U.S. pecan exports have the potential to expand to \$2-5 million annually in this burgeoning market for U.S. tree nuts, the combined value of which exceeded \$1 billion in 2022.

According to Post sources, various Indian retailers, and importers, that are already familiar with American pecans thanks to FAS marketing and outreach efforts in the country, are excited about the import tariff reduction and look forward to actively engaging with U.S. pecan exporters on new trade opportunities.⁴

EGGLESS PECAN TART (FROM THE BAKE WITH TASTE CAMPAIGN)



³ As of February 2023, India wholesale shelled pecan prices have ranged between approximately India rupee (INR) 1,700-2,500/kilogram (kg) (\$20-30/kg).

⁴ See, [GAIN-INDIA \(IN2023-0014\) Using Social Media Gadgets to Bake with a Taste of America](#).

The Pecan, A Uniquely American Nut Finds a Home in India: Pecans are a natural food and a uniquely American nut originating in the American South and southwest areas of the United States and Mexico; the term “pecan” derives from an Algonquian word meaning “requiring a stone to crack.” The pecan is the only nut born and raised in the Americas. The United States is already the largest exporter of tree nuts to India, including almonds, pistachios, and walnuts, and is now poised to supply Indian consumers with more of this wholesome tree nut.⁵

Developing supply chains, increasing consumer awareness of perceived health benefits, and competitive pricing will help build pecan usage in the baking, confectionary, and processed food industries. In India, U.S.-origin pecans are mostly imported as roasted kernels and consumed for snacking, with significant export potential for raw, in-shell pecans that maintain improved quality used for a variety of products. Additionally, sizable potential exists for pecan demand through India’s hotel, restaurant, and institutional sectors where menus typically demand the use of high-quality, premium ingredients.⁶

⁵ See, [GAIN-INDIA \(IN2022-0080\) Tree Nuts Annual - 2022](#).

⁶ See, [GAIN-INDIA \(IN2021-0151\) India Exporter Guide - 2021](#).

APPENDIX I - NOTIFICATION NO. 02/2023-CUSTOMS

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,
SECTION 3, SUB-SECTION(i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

Notification No. 02/2023-Customs

New Delhi, the 1st February, 2023

G.S.R.(E).— In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and sub-section (12) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 785(E), dated the 30th June, 2017, namely:-

In the said notification, -

I. in the Table, -

- (1) against S. No. 16, in column (3), the following proviso shall be inserted at the end, namely: -

“Provided that nothing contained in this S. No. shall have effect after the 31st March, 2023.”;

- (2) after S. No. 26A and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“26B.	0802 99 00	Pecan nuts	30%	-	”;

- (3) after S. No. 54 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“54A.	1504 20	Fish lipid oil for use in manufacture of aquatic feed	15%	-	9”;

- (4) after S. No. 81 and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

(1)	(2)	(3)	(4)	(5)	(6)
“81A.	1520 00 00	Crude glycerin for use in	2.5%	-	9”;

Attachments:

[Gov of India Finance Bill 2023 Announcement.pdf](#)