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Report Highlights:

India's tree nut imports continue to surge, with demand growing despite a tariff stranglehold. Consumption is growing as a result of the expanded perception of the health benefits of almonds and walnuts among middle-class consumers. FAS New Delhi forecasts in marketing year 2020/2021 Indian almond imports to reach 115,000 metric tons (MT). While walnut imports are forecast to reach 32,000 metric tons. Trade volumes can potentially be higher if it were not for Government of India imposed trade barriers (both tariff and non-tariff).

COMMODITIES:

ALMONDS, SHELLED BASIS

Almonds, Shelled Basis Market Year Begins	2018/2019		2019/2020		2020/2021	
	Aug 2018		Aug 2019		Aug 2020	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	0	48000	0	48000	0	48000
Area Harvested (HA)	0	45000	0	45000	0	45000
Bearing Trees (1000 TREES)	0	3000	0	3000	0	3000
Non-Bearing Trees (1000 TREES)	0	275	0	280	0	300
Total Trees (1000 TREES)	0	3275	0	3280	0	3300
Beginning Stocks (MT)	36000	36000	35000	28800	30000	20280
Production (MT)	4500	4500	4500	4200	4500	4500
Imports (MT)	106100	95700	105000	102000	125000	115000
Total Supply (MT)	146600	136200	144500	135000	159500	139780
Exports (MT)	0	400	0	220	0	200
Domestic Consumption (MT)	111600	107000	114500	114500	129500	125000
Ending Stocks (MT)	35000	28800	30000	20280	30000	14580
Total Distribution (MT)	146600	136200	144500	135000	159500	139780
(1000 HA), (1000 MT)						

PRODUCTION:

FAS New Delhi (Post) forecasts marketing year (MY) 2020/2021 (August-July) Indian almond production at 4,500 metric tons (MT) (kernel-weight basis), up seven percent on a year-on-year basis. More favorable weather conditions and new tree varieties are helping to increase production. Almond production is concentrated in the union territories of Jammu and Kashmir and in Himachal Pradesh. Shelling rates range between 20 and 30 percent for hard-shell varieties, and 40 percent for thin-shelled varieties.

Post revises downward to 4,200 MT the MY 2019/2020 production estimate, down 300 MT compared to the U.S. Department of Agriculture (USDA) official figure of 4,500 metric tons. The lower number is due to an increase in the number of non-bearing trees observed, despite there being no changes in the area planted. The union territory government of Jammu and Kashmir through its Almond Development program aims to increase by 12,000 hectares the almond cultivation area, and in the process, phase in new higher yielding cultivars.

CONSUMPTION:

FAS New Delhi forecasts MY 2020/2021 Indian almond consumption at 125,000 MT, up nine percent from the MY 2019/2020 volume of 114,500 metric tons. The increase is due to strong, steady growth in household consumption of almonds, perceived as a healthy and immunity building snack nut at a time of expanded health concerns. A key factor facilitating driving greater consumption, notwithstanding the novel coronavirus (COVID-19) lockdown, is the rise of e-commerce platforms. With growing numbers of consumers shopping now online for groceries, almonds are making their way onto online shopping carts in greater quantities.

With India’s middle-class (300-350 million) expansion, there is growing awareness of, and demand for healthy foods. The COVID-19 pandemic accelerated almond consumption in this country of 1.3 billion (Central Intelligence Agency – July 2020 estimate). Perceived nutritional benefits of almonds as a food ‘good for the brain’ and its ‘immunity building characteristics’ are being used to tackle the pandemic. This is resulting in fundamental changes in consumer behavior that will last even after a COVID-19 vaccine is developed. Almonds are today displacing cashews as health-conscious consumers’ nut of choice.

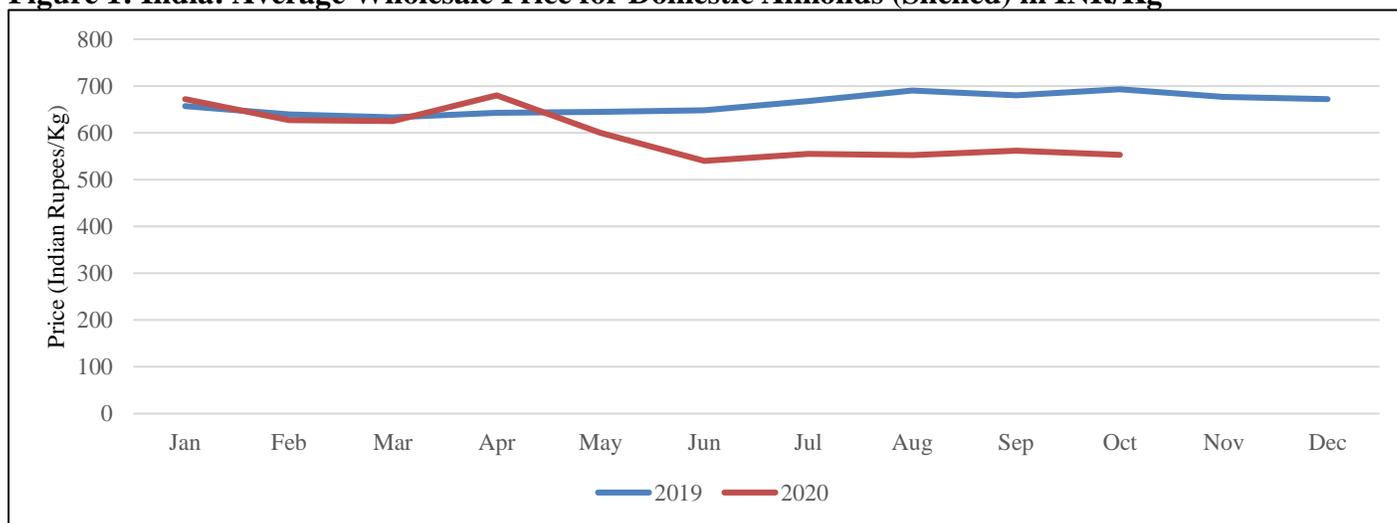
A reliable, steady supply combined with growing consumer awareness of the health benefits of almonds, is leading to almonds expanded use as a food ingredient by the Indian food processing industry. Almonds are making their way in greater numbers into breakfast cereal bars, snack foods, beverages, and confectionaries manufactures, as well as the in personal care industry (utilizing almond oil).

PRICES:

India is price-sensitive consumer market. Consumers favor affordably priced almonds, and in particular, quintessential California non-pareil almonds that are uniform in size and ‘eye’ shaped and count with the sweetness desired. Australia-origin non-pareil almonds and Carmel (often used for blanching and roasting) varieties account for a growing segment of the market. Iranian *Mamra* and *Oumi* varieties are popular in India’s western and northwestern regions (i.e., the National Capital Region – New Delhi, Rajasthan, and Gujarat) and often command price-premiums.

Favorable Californian crop production and ample supply along with COVID-19 containment measures are driving down almond average prices compared to MY 2019/2020. Almonds will command higher pricing once the Indian hotel-restaurant-institutional (HRI) sector’s own demand for almonds picks up in 2021/2022.

Figure 1: India: Average Wholesale Price for Domestic Almonds (Shelled) in INR/Kg



Source: FAS New Delhi office research.

TRADE:

FAS New Delhi forecasts MY 2020/2021 Indian almond imports at 115,000 MT, up nearly 10 percent from the USDA official MY 2019/2020 estimate of 105,000 metric tons. Post’s earlier MY 2019/2020 estimate is six percent higher compared to the previous year despite an increase in the basic-customs-duty (see [PIB](#) and

[GAIN-INDIA \(IN2019\) Government of India – GOI Raises Tariffs on Specific U.S. Ag Products \(June 16, 2019\)](#).¹ Although shipments of almonds to India increased between January and August 2020, the post-Diwali festive season (when demand for tree nuts normally peaks) will be a bit leaner this year compared to 2019.

U.S.-origin almonds account for 81 percent of India’s total import volume in MY 2019/2020; Australian almonds come in second with seven percent of the import volume. Almond imports from the United States and Australia are in shell, non-pareil or Carmel varieties, and are shelled locally (machine cracked and hand sorted); other origins supply shelled almonds. Packaged almonds only account for 10 percent of retail sales.

Table 2: India – Almonds, In Shell Fresh or Dried, Import Trade Matrix 2018/2019

Partner Country	Unit	In Shell	Shelled	Total Kernel	% Share
World	T	149108	6289	95754	
United States	T	124802	2055	76936	81
Australia	T	20352	111	12322	13
Hong Kong	T	2506	0	1504	2
Afghanistan	T	441	2092	2357	2
United Arab Emirates	T	480	647	935	1
Syria	T	0	584	584	1
Iran	T	0	716	716	1
Canada	T	357	0	214	0
Vietnam	T	0	16	16	0
United Kingdom	T	41	0	25	0
Turkey	T	0	10	10	0
Pakistan	T	0	43	43	0
Spain	T	0	12	12	0
Singapore	T	41	0	25	0
Chile	T	78	0	47	0

Note: In shell almonds converted to shelled basis by multiplying by a factor of 0.6, in all almond trade tables. Source: Trade Data Monitor, FAS New Delhi office research.

Table 3: India – Almonds, In Shell Fresh or Dried, Import Trade Matrix 2019/2020

Partner Country	Unit	In Shell	Shelled	Total Kernel	% Share
World	T	161653	5248	102240	
United States	T	140678	1115	85522	81
Australia	T	12424	0	7454	7
Hong Kong	T	5649	0	3389	3
Afghanistan	T	1594	2261	3217	3
United Arab Emirates	T	449	956	1225	1
Syria	T	0	678	678	1
Canada	T	410	0	246	0
Vietnam	T	245	20	167	0
United Kingdom	T	204	0	122	0
Iran	T	0	218	218	0
Uzbekistan	T	0	1	1	0

Source: Trade Data Monitor, FAS New Delhi office research.

¹ Located on the [USDA Global Agriculture Information Network](https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=GOI%20Raise%20Tariffs%20on%20Specific%20U.S.%20Ag%20Products%20from%20June%2016%20New%20Delhi%20India%206-17-2019), GAIN System at: (<https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=GOI Raise Tariffs on Specific U.S. Ag Products from June 16 New Delhi India 6-17-2019>).

FAS New Delhi forecasts MY 2020/2021 Indian almond exports at 200 MT, down by 20 MT or nine percent lower compared to the MY 2019/2020 estimate. India's exports of almonds remain negligible. Exports in MY 2019/2020 are estimated at 220 MT; with the United Kingdom (28 percent), Nepal (14 percent), and the United Arab Emirates (13 percent) being the main export destinations by volume.

Table 4: India – Almonds, In Shell Fresh or Dried, Export Trade Matrix 2018/2019

Partner Country	Unit	In Shell	Shelled	Total Kernel	% Share
World	T	389	157	390	
Vietnam	T	265	0	159	32
United Arab Emirates	T	61	108	145	29
United Kingdom	T	9	3	8	2
United States	T	26	0	16	3
Nepal	T	16	11	21	4
Sri Lanka	T	4	2	4	1
Greece	T	0	12	12	2
Nigeria	T	1	4	5	0
Mauritius	T	0	3	3	0
Kenya	T	0	2	2	0
Australia	T	2	0	1	0
South Africa	T	2	0	1	0

Source: Trade Data Monitor, FAS New Delhi office research.

Table 5. India – Almonds, In Shell Fresh or Dried, Export Trade Matrix 2019/2020

Partner Country	Unit	In Shell	Shelled	Total Kernel	% Share
World	T	113	150	217	
United Kingdom	T	8	57	62	28
Nepal	T	40	6	30	14
United Arab Emirates	T	6	26	29	13
United States	T	21	0	13	6
Kenya	T	8	7	12	5
Sri Lanka	T	0	15	15	7
Greece	T	0	12	12	5
Australia	T	17	0	10	4
Mauritius	T	0	7	7	3
Nigeria	T	1	4	5	2
Singapore	T	0	4	4	2
Hong Kong	T	0	3	3	1

Source: Trade Data Monitor, FAS New Delhi office research.

POLICY:

India does not set quantitative restrictions on almond imports. U.S.-origin almonds, however, face retaliatory tariffs of India rupees (INR) 41/kilogram (kg) (in shell basis) and INR 120/kg (shelled basis). (FOREX: INR 73.92 to \$1.00).

Table 6. India: Almonds, Tariffs

Commodity Code	Description	Applied-Basic-Duty Rate	Social-Welfare-Surcharge
0802.11.00	Almonds in Shell	INR 35/kg	10 percent
0802.12.00	Almonds Shelled	INR100/kg	Non applicable

Note: Open General License (OGL) – no quantitative restrictions. Retaliatory tariffs on U.S.-origin almonds are set at INR 41/kg for in shell and INR 120/kg for shelled varieties respectively. The social-welfare-surcharge (SWS) of 10 percent on the basic-common-duty applicable goods falling under HS codes 0802.11.00.

Source: FAS New Delhi office research.

On May 23, 2018, the Indian government issued notifications announcing an increase in the basic-common-duty on several imported agricultural products, including shelled almonds. The tariff increases are applicable to all third-country suppliers. The tariff on shelled almonds increased from INR 65/Kg to INR 100/kg, and significantly restricts trade (see [GAIN-INDIA \(IN2018-8067\) Government of India Increases Tariffs on Certain Agricultural Imports \(June 7, 2018\)](#)).²

Non-tariff barriers include a third amendment to the Almond Kernel Standards, published by the Food Safety and Standards Authority of India (FSSAI) on August 14, 2020. The standards' implementation date is set for July 1, 2021 (see [GAIN-INDIA \(2020-0103\) Almond Kernel Standards and Other Various Food Products Published in the Indian Gazette \(August 24, 2020\)](#)).³

Industry sources indicate that the proposed almond kernels standards are too prescriptive to be widely applied across multiple commercial grades. Proposed quality/grade factors pertain to commercial contracts and should not form the basis for import or retail controls. Traders sustain that there is a need for flexibility in grades to account for varying commercial situations, including varietal differences, crop quality variability, and pricing differentials. For these, physical parameters such as damage and the presence of foreign material should not form the basis of import controls.

Despite these challenges, FAS New Delhi continues to identify market development opportunities, particularly among markets serving children, young adults, and the growing urban work force. Additional opportunities exist with medium- and large-scale bakeries, boutique/artisan patisseries, food processors, such as cookie manufacturers and breakfast cereal companies, consumer packaged goods, and institutional end users. Regions in southern and eastern India offer new, worthwhile marketing opportunities.

² Located on the [USDA Global Agriculture Information Network](#), GAIN System at: <https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Government of India Increases Tariff on Certain Agricultural Imports New Delhi India 6-7-2018>.

³ Located on the [USDA Global Agriculture Information Network](#), GAIN System at: <https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Almond Kernel Standards and Other Various Food Products Published in the Indian Gazette New Delhi India 08-19-2020>.

WALNUTS, IN SHELL BASIS

Walnuts, In Shell Basis Market Year Begins	2018/2019		2019/2020		2020/2021	
	Sep 2018		Sep 2019		Sep 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
India						
Area Planted (HA)	0	0	0	0	0	0
Area Harvested (HA)	0	0	0	0	0	0
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total Trees (1000 TREES)	0	0	0	0	0	0
Beginning Stocks (MT)	13600	13600	14400	13100	14400	14400
Production (MT)	34000	34000	35000	35000	35000	35000
Imports (MT)	15900	16000	30000	20100	35000	32000
Total Supply (MT)	63500	63600	79400	68200	84400	81400
Exports (MT)	4200	5600	3200	3800	4000	4000
Domestic Consumption (MT)	44900	44900	61800	50000	66400	60000
Ending Stocks (MT)	14400	13100	14400	14400	14000	17400
Total Distribution (MT)	63500	63600	79400	68200	84400	81400
(1000 HA), (1000 MT)						

PRODUCTION:

FAS New Delhi forecasts MY 2020/2021 (September-August) Indian walnut production at 35,000 MT (in shell basis), a volume largely unchanged from the previous marketing year's estimate. Indian walnut production is cyclical in nature and yields can vary by as much as 20 percent, depending on weather conditions at the time of blossom and harvest.

India's walnut harvest runs from late August through September, with market arrivals peaking in late October. Walnut production is concentrated in Jammu and Kashmir, Himachal Pradesh, and Uttarakhand. Lack of adequate infrastructure in the production areas, long gestation periods, poor orchard management, and uneven yields limit India's walnut production. India produces hard, medium, or thin shell (*kaghazi*) walnut types, with an average shelling rate of about 40 percent.

CONSUMPTION:

FAS New Delhi forecasts MY 2020/2021 Indian walnut consumption at 60,000 MT, roughly 20 percent above its MY 2019/2020 estimate of 50,000 metric tons. Increases in consumption levels is attributable to greater at home consumption of walnuts during the COVID-19 pandemic outbreak in pursuit of health-related benefits.

Higher walnut consumption stems from the growing perception among Indian middle-class consumers that walnuts help to reduce cholesterol, improve brain health, and lower risks of diabetes, among other health benefits. The Indian government's FSSAI issued the public guidance document titled "[Eating Right during COVID-19](#)" encouraging the intake of walnuts for their nutritional benefits (especially as it pertains to Omega-3 fatty acids, Vitamin B-9, Protein, Zinc, and Selenium concentrations). With people confined to their homes during the lockdown, consumption of walnuts increased significantly in 2020.

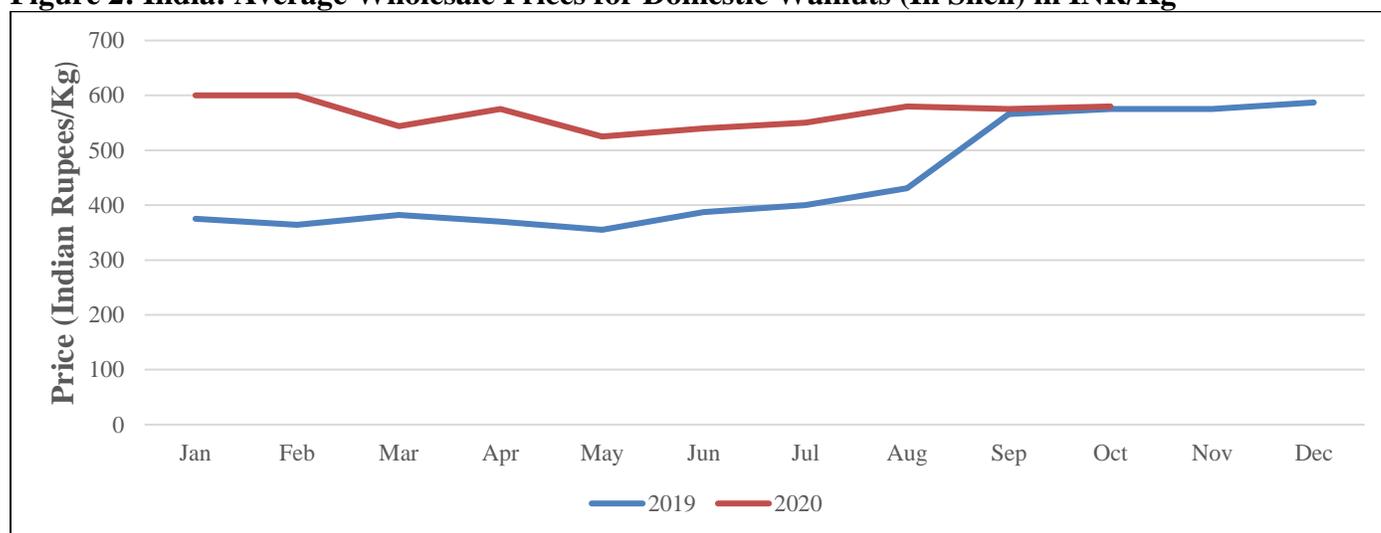
Indian walnut consumption is growing steady since MY 2015/2016 through MY 2019/2020, by almost 15 percent. Strong growth is indicative of the presence of a consistent supply to meet strong domestic demand. Packaging innovations (e.g., vacuum-packed bags, combined with attractive product packaging) is improving the shelf life and quality of walnuts, while encouraging year-round consumption. The rise of new distribution channels such as e-commerce websites are driving consumption and availability of walnuts.

Between 70 and 75 percent of Indian walnuts are consumed domestically, and more than half of Indian walnuts are consumed during the holiday, festive, and winter seasons. Industry sources estimate that roughly 17 percent of walnuts go into food processing, with another four percent crushed for the personal care industry.

PRICES:

Domestic walnut prices were weak from January 2019 to September 2019. Prices saw improvement during the peak 2019 demand period towards the end of the year, with the upward trend in prices running through 2020. In the wholesale market, imported walnut (in shell) prices in 2020 range INR 52,500 (\$710) to INR 60,000 (\$812) per 100 kilograms. (FOREX: INR 73.92 to \$1.00).

Figure 2: India: Average Wholesale Prices for Domestic Walnuts (In Shell) in INR/Kg



Source: FAS New Delhi office research.

TRADE:

FAS New Delhi forecasts MY 2020/2021 Indian walnuts imports at 32,000 MT, up nearly seven percent or 2,000 MT greater than the USDA official 2019/2020 estimate of 30,000 metric tons. The United States will remain the dominant supplier with a 54 percent market share, followed by Chile at 40 percent.

India is primarily an in shell walnuts market. Trade sources indicate that Indian imports of in shell walnuts grew 46 percent between January and August 2020, while shelled walnuts imports rose by an astonishing 329 percent during that same period.

Table 8. India: Walnuts, In Shell Fresh or Dried, Import Trade Matrix 2018/2019

Partner Country	Unit	In Shell	Shelled	Total Kernel	% Share
World	T	15204	347	16000	
United States	T	8663	0	8663	54
Chile	T	6111	120	6392	40
United Arab Emirates	T	293	15	328	2
Vietnam	T	0	164	384	2
Afghanistan	T	101	12	129	1
Pakistan	T	20	0	20	0
Singapore	T	16	0	16	0
France	T	0	11	26	0
Unidentified	T	0	12	28	0
China	T	0	8	19	0
Kyrgyzstan	T	0	4	9	0
Iran	T	1	0	1	0
Uzbekistan	T	0	1	2	0

Note: Shelled Walnuts converted to in shell basis by multiplying by a factor of 2.34, in all Walnut trade tables
Source: Trade Data Monitor, FAS New Delhi office research.

Table 9. India: Walnuts, In Shell Fresh or Dried, Import Trade Matrix 2019/2020

Partner Country	Unit	In Shell	Shelled	Total Kernel	% Share
World	T	14973	2215	20156	
United States	T	5823	140	6151	31
Chile	T	4894	382	5788	29
United Arab Emirates	T	2651	108	2904	14
Vietnam	T	0	988	2312	11
Australia	T	843	0	843	4
Afghanistan	T	535	65	687	3
Turkey	T	60	361	905	4
Pakistan	T	142	0	142	1
Sri Lanka	T	0	100	234	1
Iran	T	0	33	77	0
Canada	T	20	0	20	0
Georgia	T	0	16	37	0
Sweden	T	0	13	30	0
Uzbekistan	T	0	7	16	0

Source: Trade Data Monitor, FAS New Delhi office research.

FAS New Delhi forecasts MY 2020/2021 Indian walnuts exports at 4,000 MT, up 800 MT or 25 percent higher than the USDA official MY 2019/2020 estimate of 3,200 metric tons. Indian walnuts exports declined in MY 2019/2020 due to high domestic demand for product, which will ease somewhat this year. Walnuts from India will make their way again to the traditional export destinations of France, the United Kingdom, and Germany.

Over 95 percent of Indian walnut exports go out as kernels in vacuum packs (35-40 percent light halves, 35-40 percent amber halves/light broken, and the remaining balance as amber halves). Market sources report that Indian walnuts compete with those from the United States, Mexico, Chile, Turkey, China, and Ukraine.

Table 10. India: Walnuts, In Shell Fresh or Dried, Export Trade Matrix 2018/2019

Partner Country	Unit	In Shell	Shelled	Total Kernel	% Share
World	T	114	2355	5625	
France	T	0	565	1322	24
United Kingdom	T	14	445	1055	19
Germany	T	0	354	828	15
Netherlands	T	0	225	527	9
United States	T	20	117	294	5
New Zealand	T	0	106	248	4
Egypt	T	0	166	388	7
Nepal	T	43	40	137	2
Kuwait	T	0	76	178	3
Belgium	T	0	57	133	2
Greece	T	0	40	94	2
Sweden	T	0	39	91	2
Taiwan	T	0	24	56	1
Canada	T	1	23	55	1
Thailand	T	16	0	16	0

Source: Trade Data Monitor, FAS New Delhi office research.

Table 11. India: Walnuts, In Shell Fresh or Dried, Export Trade Matrix 2019/2020

Partner Country	Unit	In Shell	Shelled	Total Kernel	% Share
World	T	197	1533	3784	
United Arab Emirates	T	139	105	385	10
France	T	0	317	742	20
United Kingdom	T	0	301	704	19
Germany	T	0	227	531	14
Netherlands	T	0	161	377	10
New Zealand	T	0	144	337	9
United States	T	0	60	140	4
Belgium	T	0	35	82	2
Egypt	T	0	31	73	2
Nepal	T	29	1	31	1
Kuwait	T	28	0	28	1
Turkey	T	0	29	68	2
Spain	T	0	27	63	2
Greece	T	0	25	59	2
Costa Rica	T	0	13	30	1

Source: Trade Data Monitor, FAS New Delhi office research.

TRADE POLICY:

India's Open License program permits the import of walnuts without quantitative restrictions. In shell walnut imports, however, are subject to a 100 percent tariff, and shelled walnuts are similarly subject to a 100 percent tariff (effective February 2020). Afghanistan-origin import shipments face a lower, 50 percent tariff due to the enactment of the Indo-Afghan Preferential Trade Agreement.

Table 12. India: Walnuts, Tariffs

Commodity Code	Description	Applied-Basic-Duty Rate	Social-Welfare-Surcharge
0802.31.00	Walnuts in Shell	100 Percent	Not Applicable
0802.32.00	Walnuts Shelled	100 Percent	Not Applicable

Note: Open General License (OGL) – no quantitative restrictions. The retaliatory tariff on U.S.-origin walnuts is set at 20 percent for in shell varieties, making the Applied Basic Duty rate 120 percent. The social-welfare-surcharge (SWS) of 10 percent on the basic-common-duty exempts goods falling under HS codes 0802.31.00 and 0802.32.00.

Source: FAS New Delhi office research.

India is implementing a retaliatory tariff on U.S.-origin walnuts at 20 percent above the applied basic-common-duty of 100 percent. U.S. shipments of walnuts suffered from this measure in MY 2018/2019. However, California walnuts remain in the Indian market, counting with high consumer demand to help drive volumes.

Post identified non-tariff barriers to trade include the Walnut Kernel Regulation published by the Indian government's FSSAI on September 3, 2020 (see [GAIN-INDIA \(2020-0121\) FSSAI Proposes Draft Standards for Walnut Kernels and Other Various Food Products](#)).⁴ The effective implementation date is either January 1, 2021, or alternatively July 1, 2021, depending on when the amendment is published in the official gazette. The published standards are non-transparent, ambiguous, and likely difficult to adhere to; particularly as it pertains to moisture levels, foreign matter, damaged units, acidity, color, acid-insoluble ash, and extraneous vegetable matter. These standards deviate from globally established practices.

India, given its huge market size, and despite the challenges, remains an attractive market especially as it relates to the Indian sweets and snacks industry.

Attachments:

No Attachments

⁴ Located on the [USDA Global Agriculture Information Network](#), GAIN System at: (<https://www.fas.usda.gov/data/india-fssai-proposes-draft-standards-walnut-kernels-and-other-various-food-products>).