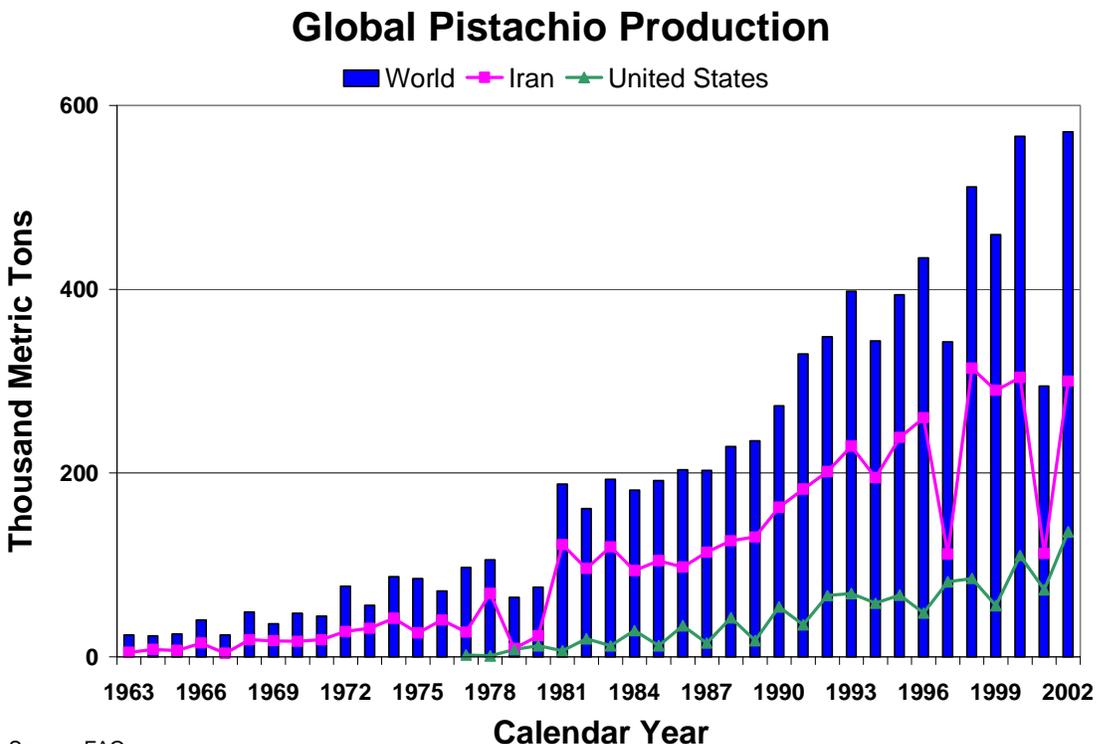


## World Pistachio Situation & Outlook

### Production

According to the United Nations' Food and Agriculture Organization (FAO), the top five pistachio producers in calendar year (CY) 2002 were Iran at 300,000 metric tons (53 percent share of the world's production), followed by the United States (136,000 tons, 24 percent share), Syria (53,000 tons, 9 percent share), Turkey (40,000 tons, 7 percent share), and China (26,000 tons, 5 percent share). From 1963 to 2002, reported world pistachio production increased 2,264 percent, from 24,000 tons to 571,150 tons. As shown in the figure below, Iranian production has been the key factor driving the global growth trend. However, since 1977, the United States has become the world's second largest pistachio producer.

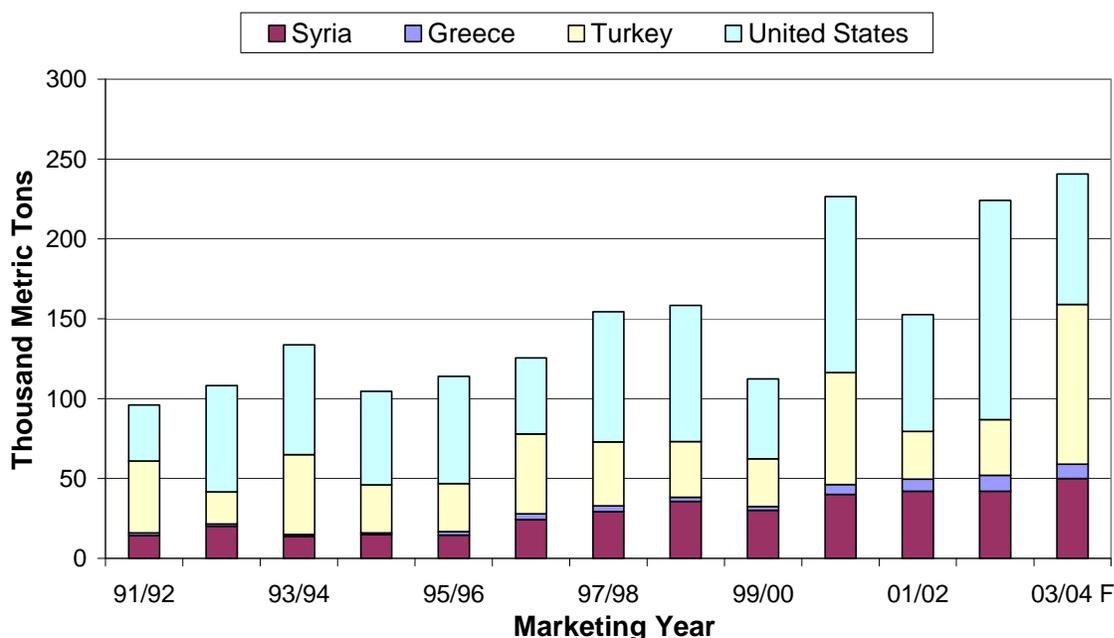


The U.S. Department of Agriculture (USDA) [Production, Supply and Distribution \(PSD\)](#) database contains data on in-shell pistachios for the United States, Greece, Syria, and Turkey. Of the selected countries in the PSD database, the United States accounted for 64 percent of reported production in marketing year (MY) 2002/03. According to the USDA National Agricultural Statistical Service (NASS), pistachio production reached a record 137,166 metric tons (302.4 million pounds) in MY 2002/03.

Given the alternate bearing cycle of pistachio trees, the initial NASS MY03/04 forecast is 81,647 metric tons, down 40 percent from the prior year. According to the California Agricultural Statistical

Service 2003 [Objective Measurement Report](#), the weather during the bloom was poor, resulting in a bad bloom with spotty nut set. Recent reports from industry sources estimate the crop will be below 54,431 tons, much smaller than expected. The causes cited for the decline were insufficient chill hours, cool windy weather coinciding with the bloom, and hot weather during nutmeat development. With crop losses expected to total \$185 million, four of the hardest hit counties are seeking disaster relief from the USDA. USDA's first forecast of MY 2004/05 production will be issued on July 30, 2004.

## Pistachio Production in Selected Countries



Source: USDA NASS and USDA FAS Attache Reports  
 Marketing Years: United States and Greece, Sept-Aug; Syria, Aug-July; Turkey, Oct-Sept

Abroad, pistachio production in Syria, Greece, and Turkey is forecast to rise 82 percent, reaching 159,000 tons. This is mostly due to the upswing of production in Turkey. However, forecasts for MY 2004/05 indicate an 18-percent decline to 131,000 tons assuming normal weather.

Production in Turkey is expected to rise 65 percent to 100,000 metric tons for MY 2003/04. This is mostly due to the upswing of the production cycle and ideal growing conditions. Assuming normal weather conditions and the downswing of the production cycle, the MY 2004/05 forecast is 70,000 metric tons. Commercial producers are shifting away from the traditional Turkish varieties towards the higher-valued Iranian type pistachios.

Pistachio production in Syria for MY 2003/04 is forecast at 50,000 tons, up 16 percent from the previous marketing year. The majority of trees in Syria are young and are expected to increase in production and yields per hectare as they mature. The following year (MY 2004/05), production is expected to be 52,000 tons.

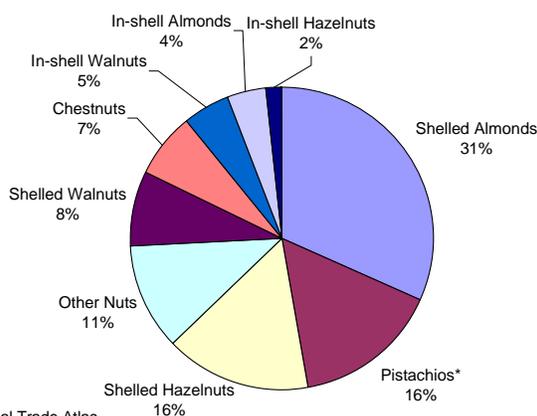
Greek pistachio production is relatively small, never exceeding 10,000 metric tons. Furthermore, parasitic disease, aging trees, and high labor costs constrain increasing production. Production for MY 2003/04 was 9,000 tons with production for MY 2004/05 forecast to rise 2 percent to 9,200 tons.

## Trade

According to the Global Trade Atlas (GTA), CY 2002 global exports of selected tree nuts (HTS 0802)<sup>1</sup> rose 7.7 percent to reach \$3.1 billion. Of the total amount of tree nuts exported in CY 2002, shelled almonds accounted for 31 percent (\$978 million) and pistachios accounted for 17 percent (\$488 million). Most of the export growth in tree nuts was due to a 35-percent increase in almond exports while pistachio exports have remained stable. When including the rest of HTS 0802 exports, the U.S. share of reported global exports rises to 38 percent

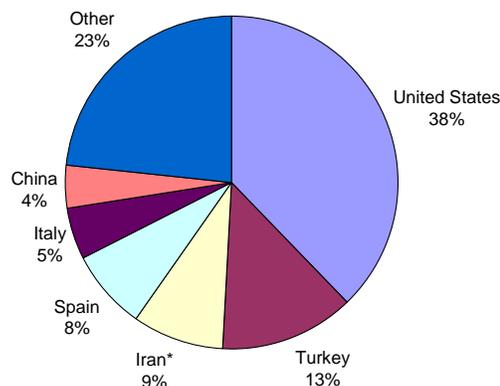
Of reported global pistachio exports in CY 2002, U.S. pistachios accounted for 16 percent, or \$79 million. In CY 2002, the countries in the GTA database imported \$264 million of pistachios from Iran. Using this figure to approximate world export values, Iran is the leading exporter of pistachios with 54 percent of global exports. However, despite Iran’s dominance in production and export, global market access is becoming more of a challenge as major markets, like the EU, impose tighter restrictions on aflatoxin.

**CY 2002 Global Export Mix of Tree Nuts (HTS 0802) By Value**



Source: Global Trade Atlas.  
\*Pistachios include reported imports from Iran.

**CY 2002 Global Leading Exporters of Tree Nuts (HTS 0802) by Value**



Source: Global Trade Atlas.  
\* Based on reported imports of tree nuts from Iran

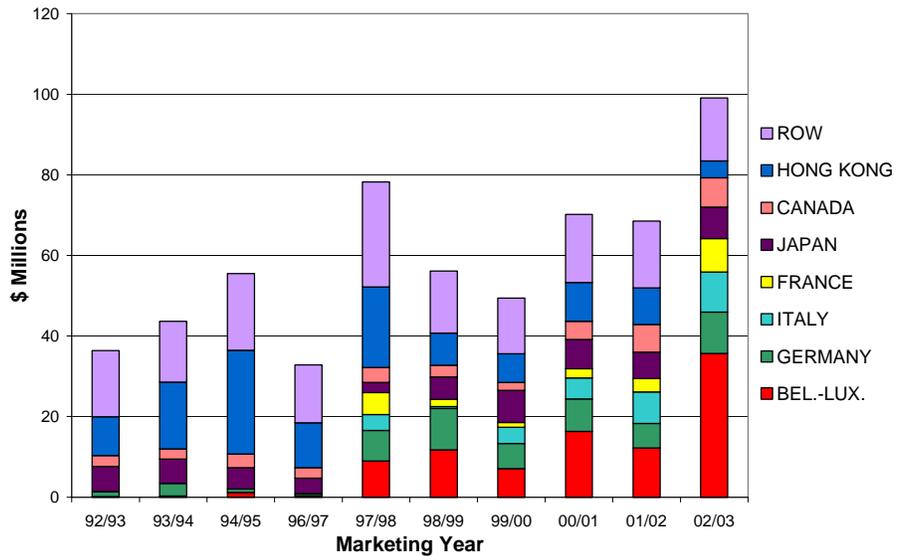
## United States

The MY 2002/03 pistachio crop was a record 137,166 metric tons. Historically, pistachio prices fluctuated dramatically due to the biannual production cycle. However, in an effort to stabilize both price and supply, the industry set pistachio prices higher than would be expected in an “on” production year to create a large carryover to see them through the smaller supply expected in MY03/04.

<sup>1</sup> Selected tree nuts includes HTS Chapter 0802: almonds, hazelnuts, walnuts, pistachios, pecans, and other tree nuts.

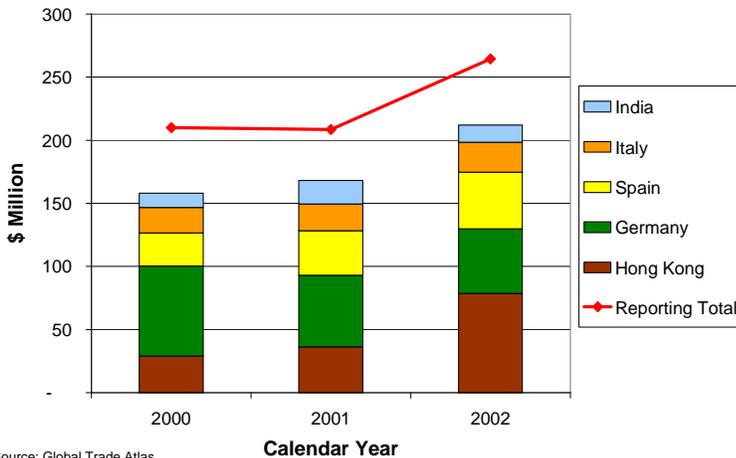
Strong global demand boosted pistachio exports 44 percent to \$99 million in MY 2002/03. This is the first year that U.S. exports surpassed the export boom of 1997 that was fueled by the aflatoxin contamination of Iranian pistachios. Sales to the EU, up 116 percent to \$70 million, represented 71 percent of total U.S. pistachio exports. Exports to Asia accounted for 19 percent or \$19 million.

**U.S. Exports of Pistachios (HTS 080250)**



**Iran**

**Reported Imports of Iranian Pistachios**



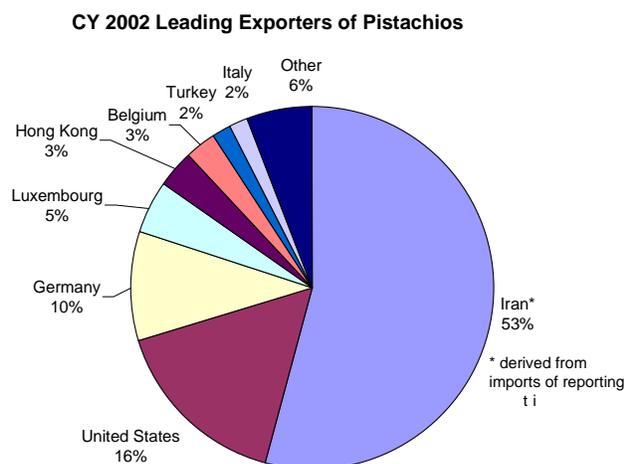
Source: Global Trade Atlas

According to the Global Trade Atlas, Iran is the leading exporter of pistachios, exporting over three times its nearest competitor, the United States. As the figure to the left illustrates, most exports are bound for Hong Kong, the EU, and India. However, many of Iran’s primary markets are also major exporters (see figure below). As many of these countries are not producers of pistachios, it becomes evident that further processing and or transshipments occur often with this commodity.

**Germany**

Germany is a major transhipper of pistachios. In CY 2002, Germany imported \$85 million, primarily from Iran (60 percent) and the United States (22 percent) and exported nearly \$51 million to other European countries.

## Greece



Source: Global Trade Atlas

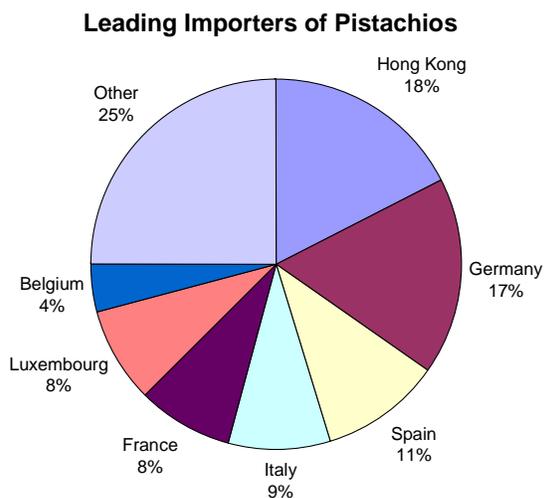
As demand continues to grow, Greek imports of pistachios are expected to rise to meet the supply gap. Most Greek imports originate in Iran with no reported imports from the United States. However, given the high levels of transshipment of this commodity, it is possible that some of the pistachios going into Greece are of U.S. origin. With high levels of per capita nut consumption and tougher EU standards for aflatoxin, the Greek market might become more accessible to U.S. exporters.

## Syria

The Syrian market for pistachios is rather challenging since importation of in-shell pistachios is banned. However, “informal” importation of pistachios by tourists from neighboring nations and smuggling appear to be quite common. Syria is a net exporter of pistachios, mostly to Lebanon and Jordan. Presently, there are no imports of U.S. pistachios into Syria. Iran is a significant supplier of pistachios (both legally reported and smuggled) to Syria.

## Turkey

Turkish trade in pistachios fluctuates dramatically with production. After two consecutive poor crops, the large crop forecast for MY04/05 is expected to cause imports to fall to zero and exports to double over MY03/04 reaching 7,000 tons. Turkish pistachio trade is conducted primarily among six countries: Italy, Greece, Hong Kong, Egypt, Saudi Arabia, and Germany. These six countries represent both the leading export pistachio markets and the main suppliers of pistachios to Turkey. According to the Global Trade Atlas, Turkey exported \$8.3 million in CY 2002. The top two markets for Turkish pistachios are also important global pistachio exporters: Italy (\$2.4 million) and Hong Kong (\$1 million). Imports for CY 2002 totaled \$475,000. The top two suppliers were Italy (\$121,000) and Greece (\$92 million).



(The FAS Attaché Report search engine contains reports on the pistachio industries for Greece, Syria, and Turkey. For information on production and trade, contact Kyle Cunningham at 202-720-2083. For information on marketing contact Ingrid Mohn at 202-720-5330.)