



International Trade in Pecans

Guide Z-503

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WORLD PRODUCTION

The United States is the world's largest producer of pecans. Although exact numbers for world pecan production are not known, it is estimated that the United States produces 75 percent of total world production followed by Mexico with an estimated 20 percent (Johnson 1997). Minor pecan production occurs in countries such as Australia, Israel, Peru and South Africa (Johnson 1997 and USDA-FAS 2003).

While cyclical, pecan production in the United States has remained fairly constant over the last 10 years with a 10-year average production of 252 million pounds per year (fig. 1). In 2003 the United States produced 262 million pounds of pecans with an estimated value of \$263 million. Improved varieties accounted for approximately 78 percent of total production and 86 percent of total value (USDA-NASS 1998-2004).

Unlike other tree nut production that is concentrated in geographical regions, U.S. pecan production is dispersed throughout the South and Southwest. There are 14 states that produce pecans commercially: Alabama, Arizona, Arkansas, California, Florida, Georgia, Kansas, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina and Texas. Improved varieties production is concentrated in Georgia, New Mexico, and Texas, and native seedling production is greatest in Texas, Oklahoma and Georgia. Pecan production by state is shown in figure 2 (USDA-NASS 2003).

Mexico is the second largest world producer of pecans. Mexico's pecan production comes primarily from improved varieties. High quality pecans from Mexico are the product of optimal growing conditions including high light intensity, well-drained

soil and sufficient water supplies. The main pecan varieties grown are Western and Wichita, which account for 80 percent of new variety production. A majority of Mexico's pecan production occurs in the states of Chihuahua, Coahuila, Sonora, Durango and Nuevo Leon. Pecan production for the 2003-2004 production year is estimated at 141 million pounds (USDA-FAS 2003).

U.S. PECAN EXPORTS

In 2002, the United States exported 19,875 short tons of shelled and unshelled pecans. Major U.S. export markets for shelled pecans include: Canada, China, Hong Kong, Mexico, Netherlands and the United Kingdom. Canada and Mexico dominate other countries in terms of U.S. exports, accounting for nearly 43 percent of all U.S. exports in 2002. Large pecan exports to Mexico (8,519 short tons in 2002) are a result, in part, of shipments to Mexican maquiladoras that shell the U.S. pecans and re-export them to the United States. It is estimated that up to one-half of pecans shipped to Mexico from the United States are shipped back to the United States after being shelled (Johnson 1997). Top export markets for U.S. pecans are shown in table 1.

U.S. PECAN IMPORTS

Among tree nuts, pecan imports rank third behind coconut meat and cashews. The United States imports both shelled and in-shell pecans primarily from Mexico, which accounted for more than 98 percent of all pecan imports in 2002. Imports from Mexico totaled 30,008 short tons in 2002 (table 2).

Table 1. Top U.S. Pecan Export Markets

	1998	1999	2000	2001	2002	5-Year Avg	Percent of Avg
	Short tons						
Mexico	3,657	1,403	2,595	1,820	8,519	3,599	26.7%
Canada	3,568	3,860	4,209	4,168	3,476	3,856	28.6%
Netherlands	1,770	1,397	1,581	1,574	1,917	1,648	12.2%
Hong Kong	26	89	5	3	1,604	345	2.6%
United Kingdom	1,726	880	1,997	1,680	1,494	1,555	11.5%
China	0	20	0	10	849	176	1.3%
Others	2,782	1,995	2,430	2,336	2,016	2,312	17.1%
World	13,527	9,644	12,818	11,591	19,875	13,491	

Source: Economic Research Service / USDA Fruit and Tree Nuts Situation and Outlook Yearbook / FTS-2003/ October 2003

Table 2. Top U.S. Pecan Import Markets

	1998	1999	2000	2001	2002	5-Year Avg	Percent of Avg
	Short tons						
Mexico	32,974	22,204	32,294	19,680	30,008	27,432	98.3%
South Africa	0	44	0	70	207	64	0.2%
Australia	281	528	123	0	78	202	0.7%
Peru	0	328	430	125	48	186	0.7%
Israel	8	6	7	11	13	9	0.0%
Others	0	0	12	31	0	9	0.0%
World	33,263	23,110	32,866	19,917	30,355	27,902	

Source: Economic Research Service / USDA Fruit and Tree Nuts Situation and Outlook Yearbook / FTS-2003/ October 2003

Other countries that have entered the U.S. market include: Australia, Brazil, Canada, China, Israel, Italy, Peru, Spain, Zimbabwe and South Africa. Imports into the United States from all countries totaled 30,355 short tons in 2002. Like exports, pecan imports exhibit cyclical behavior, averaging 27,902 short tons per year over the years 1998–2002.

MEXICO-U.S. PECAN TRADE

Since 1992, Mexican imports of U.S. pecans have decreased while exports have remained stable. This can be attributed to new plantings by Mexican growers in the late 1980s and early 1990s in response to high export prices in U.S. markets. Bearing pecan tree stocks in Mexico have increased by 17 percent since 1993, while production has increased by 36%. Meanwhile Mexican imports of lower quality pecans from the United States have decreased by 64% since 1993. This trend is expected to continue as more nonbearing trees come into production. New production will likely be channeled toward exports first, whereas domestic

consumption gaps will be met with lower quality pecan imports from the United States.

Policy measures that may have affected net trade in pecans between the United States and Mexico over the past decade include phytosanitary issues and the establishment of the North American Free Trade Agreement (NAFTA). In 1991, Mexico began requiring methyl bromide treatment of imported pecans. In 1994, concerned about possible introduction of the pecan weevil, Mexico banned imports of in-shell pecans from Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, South Carolina and Tennessee. It also temporarily requested phytosanitary certificates for imports coming from New Mexico and Texas until these last two states were declared free from pecan weevil later that year.

The passage of NAFTA likely had little impact on trade since tariff rates were sufficiently low prior to NAFTA. United States' tariff rates for in-shell pecans from Mexico were set at 5 cents per pound and at 10 cents per pound for shelled pecans. Although Mexico had a higher duty rate of 20 cents

per pound on U.S. imports, these were of lower quality than Mexican pecans, and hence lower priced. Further information on Mexican production and trade in pecans can be found at the Foreign Agricultural Services Web site at www.fas.usda.gov.

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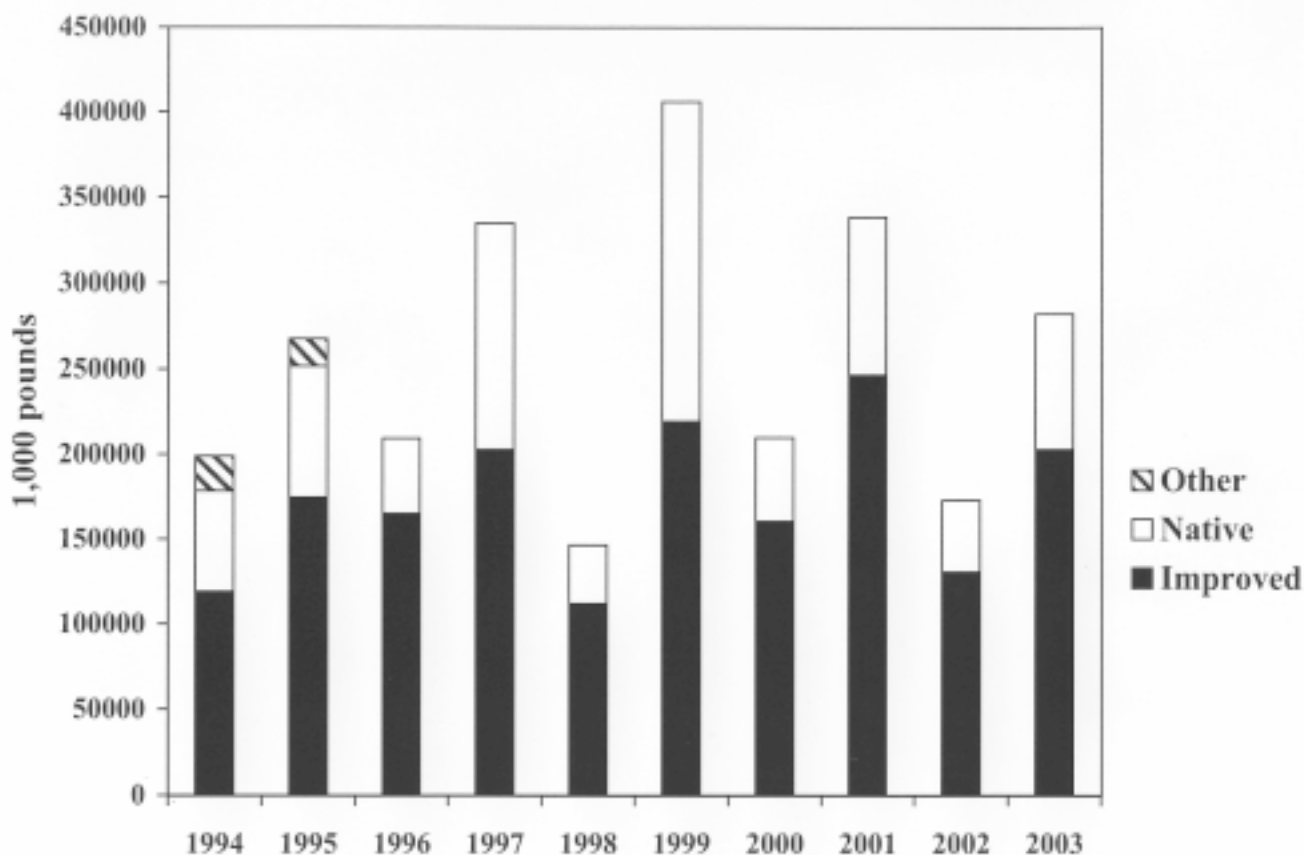


Figure 1. U.S. utilized production, by variety.

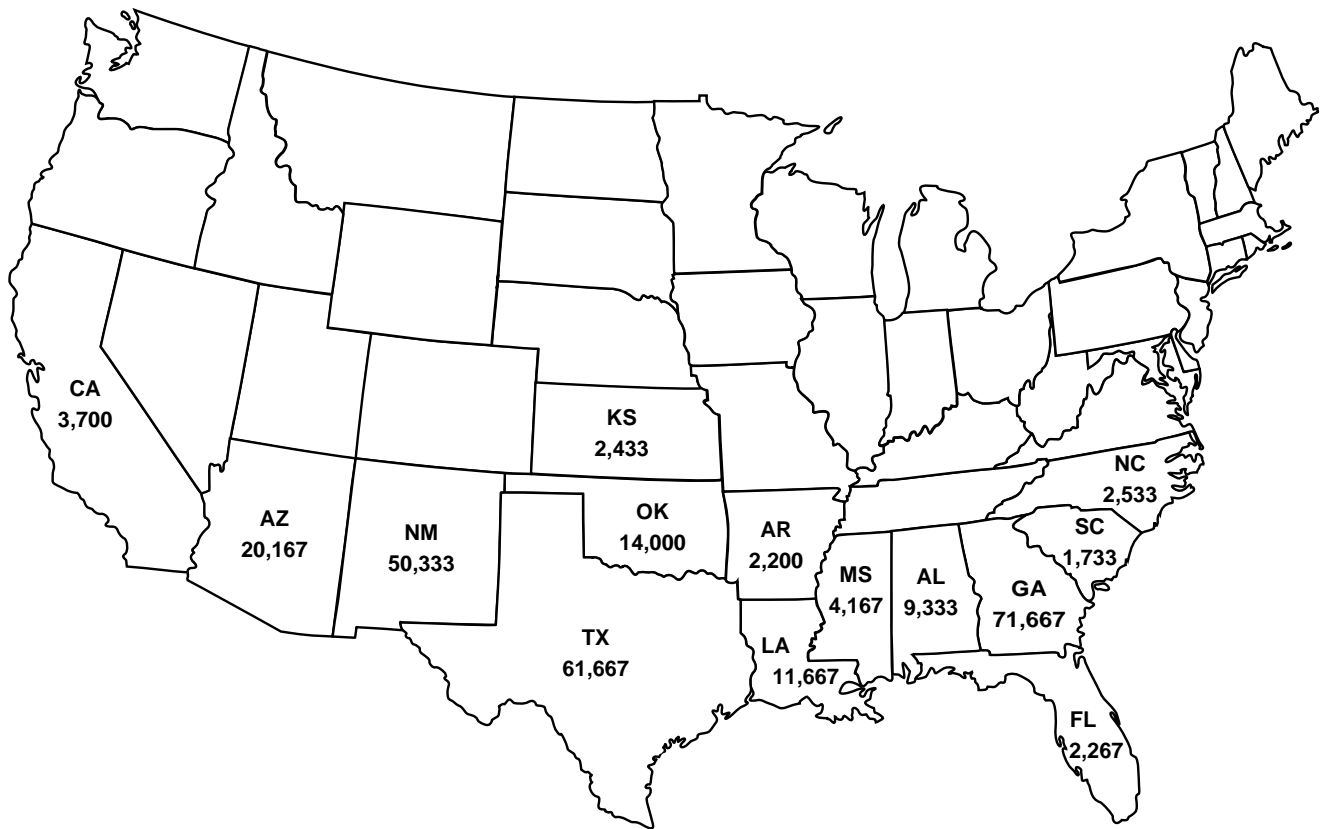


Figure 2. U.S. 2001-2003 utilized pecan production average, by state in thousand pounds.