

# California Tree Nut Industries Set Up Well to Handle COVID-19 Pandemic

Brittney Goodrich

This article discusses the impacts of the COVID-19 pandemic on tree nut industries in California, specifically almonds, pistachios, and walnuts. Overall, impacts seem to be minimal due to the nature of tree nut marketing and mechanization along the supply chain.

## Supply Chain

California tree nuts are mechanically harvested in the fall and much of the harvest is stored to be sold throughout the rest of the marketing year. Tree nut growers typically market their production through handlers who aggregate and sell the nuts or their processed products. USDA production numbers and December 2019 inventory reports for the 2019/2020 marketing year showed that California growers sold over 94% of each crop to handlers prior to the new year. Almond, walnut, and pistachio handlers had approximately 42%, 44%, and 63%, respectively, of their total inventory left to market beginning in January 2020.

The supply chains in California's tree nut industries have been disrupted less than in some other crops. This is, in part, due to tree nuts being relatively non-perishable, which allows for long-term storage without spoiling. Additionally, logistical processes associated with tree nuts (harvest, shipping, processing, etc.) are done in bulk and are highly mechanized. This means social distancing measures are easy to implement throughout most of the tree nut supply chain, and labor shortages have not been an issue.

## Domestic Consumption

California accounts for, virtually all almond, pistachio, and walnut production in the United States and is the primary supplier for domestic consumption. Figure 1 displays percentage changes of domestic shipments by month in comparison to the 2018/2019 marketing year for pistachios, almonds, and walnuts. Nuts shipped from December 2019 through February 2020, deviated slightly from the previous year. In March, when

shelter-in-place orders were implemented throughout the U.S., all three markets saw significant increases in domestic shipments. It's clear that in addition to other food staples, U.S. consumers stocked up on tree nut supplies.

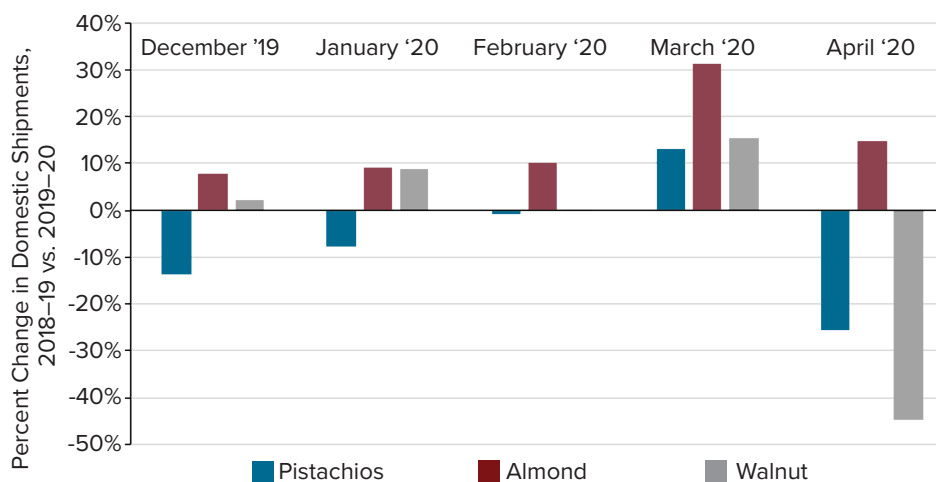
Figure 2 shows weekly domestic wholesale prices for California tree nuts in comparison to 2019. Pistachio prices showed a noticeable response to the demand increase from the pandemic. Pistachio prices in 2020 had been below 2019 levels until the week of March 14, when prices increased by 21%. California walnut prices have been consistently above their 2019 levels, while almond prices have decreased over the time period and are now below 2019 levels. Almond prices decreased 11% between January and April. This is likely a response to the record almond crop anticipated for 2020, in addition to export demand disruptions.

In April, pistachios and walnuts saw significant decreases in domestic shipments from previous years (Figure 1), likely an adjustment due to consumers having bought large quantities of these items in the previous month, as well as to relatively high prices (Figure 2). Domestic shipments of almonds fell in April, but not by as much—likely due to low prices.

## Exports

For 2016–2018, nearly half of pistachios and roughly two-thirds of walnuts and almonds were exported, so export markets play a considerable role in California tree nut markets. There have been no clear overall effects across all export markets due to the pandemic. It should be noted that

**Figure 1.** Percentage Changes in Domestic Shipments between 2018/2019 and 2019/2020 Marketing Years, December 2019–April 2020



Sources: Author's calculations using data from Almond Board of California Position Reports, Administrative Committee for Pistachios Shipment Reports, and California Walnut Board Shipment Reports

tree nut markets have been experiencing trade issues in a number of major markets, which make isolating effects of the pandemic difficult (Sumner et al., 2019).

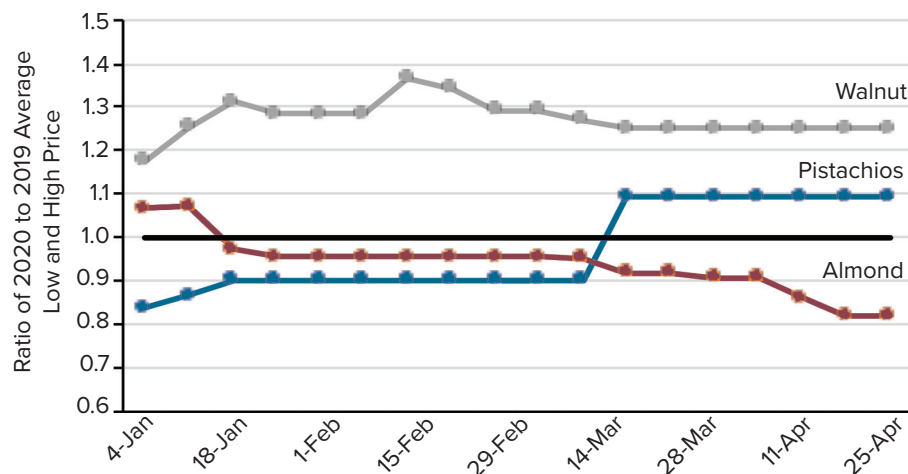
One relatively large export market for California almonds and walnuts documented sizeable disruptions due to the pandemic. The Indian government issued a three-week lockdown beginning March 25, and confusion regarding which industries and workers were considered “essential,” caused a shortage of workers at Indian ports (Almond Board of California, Global Update, April 2020). As a result, California tree nut exports to India dropped off substantially in April. No pistachios were exported to India in April, while almond and walnut exports were down 52% and 12% from April 2019. Most of these shipments were likely postponed and will be shipped later, but it is unclear whether exports to India in the coming months will compensate for this sharp decline in shipments.

## Looking Ahead

It seems probable that consumers will continue to eat more food at home than usual in the coming months, given the recession and continued social distancing measures associated with the pandemic. Tree nuts are considered a healthy snack by many consumers and frequently included in cereals, granola bars, and other processed foods that are consumed at home. With the shift to more food consumed at home, consumer demand could increase for California tree nuts in the coming months, though it is too early to tell.

If a second wave of COVID-19 occurs in the fall during harvest of tree nuts in California, growers are unlikely to see too much of an impact given the mechanization of harvest. There may be issues with nut processing plants, handling and shipping operations,

**Figure 2.** Weekly Average Wholesale Price Ratios for California Almonds, Pistachios, and Walnuts: 2019 vs. 2020



Sources: Author’s calculations using data from USDA AMS Terminal Market Reports

and port facilities needing to implement social distancing measures, but given that many adjustments have already been made over the last couple of months, it is unlikely these disruptions will be major.

On May 19, USDA announced details of the Coronavirus Food Assistance Program (CFAP), which will provide direct payments to producers with losses due to the pandemic. Almonds, pecans, and walnuts are listed as eligible commodities. Growers can apply for this funding beginning May 26 through their local USDA Farm Service Agency. Applications will be done online or over the phone. Find more information about the program at the CFAP website: [www.farmers.gov/cfap](http://www.farmers.gov/cfap).

## Author’s Bio

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## For additional information, the author recommends:

Sumner, D.A., T. Hanon, and W.A. Matthews. 2019. “Implication of Trade Policy Turmoil for Perennial Crops” *Choices*. Qtr. 4. <https://bit.ly/2ZmOG7D>

Administrative Committee for Pistachios Shipment Reports, <https://bit.ly/2ZAZfnk>

Almond Board of California Global Update April 2020, <https://bit.ly/2WWunvO>

Almond Board of California Position Reports, <https://bit.ly/3g-dTWAAn>

California Walnut Board Shipment Reports, <https://bit.ly/3bXRAC8>