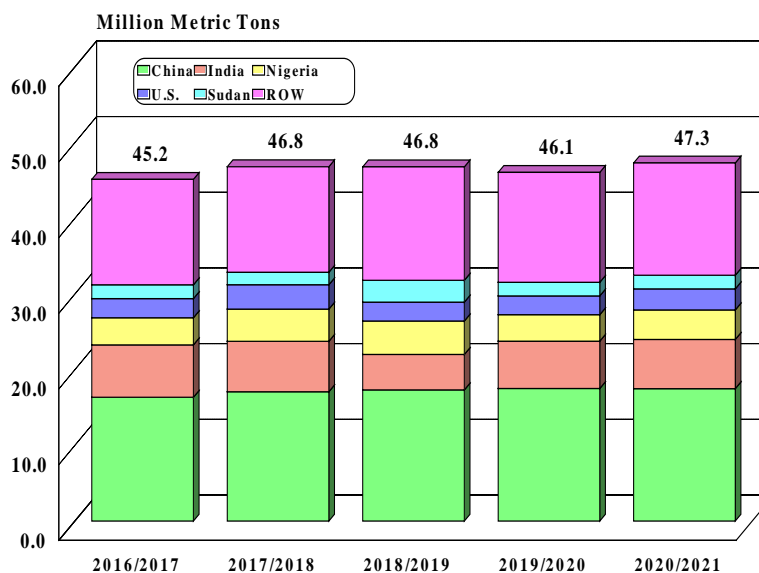




GLOBAL MARKETS FOR TEXAS PEANUTS¹

The global production of peanuts averaged 46.4 million metric tons (MMT) from 2016 to 2020. Peanuts are grown globally with five countries amounting to two thirds of total peanut production. China is the largest producer making up a little over a third of worlds peanuts grown with an average of 17 MMT across those same years. India, Nigeria, the United States, and Sudan follow as the next four largest countries in peanut production.

World Peanut Production, 2016-2020

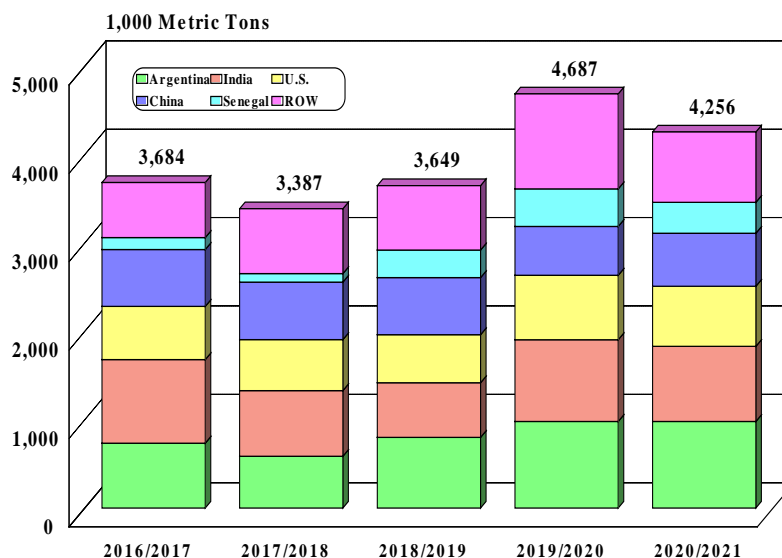


Source: Production, Supply and Distribution Online, FAS/USDA

The global export market for peanuts averaged 3,573 thousand metric tons (TMT) from 2016-2018 before seeing a million MT leap to 4,687 TMT during 2019, which has since decreased to 4,256 TMT in 2020. This large increase can be attributed to growth in exports to China, which will be discussed more later. Further, each major peanut exporter saw an increase from 2018 to 2019, with exception to China whose exports decreased 14 percent. U.S. peanut exports compete against Argentina, India, and China mainly. Together, the four countries account for an average of around 75 percent of peanut exports over the last five years. However, Senegal is growing as a competitor having doubled annual exports since 2016 and currently accounting for nearly ten percent of the peanut export market.

¹ *Global Markets for Texas Peanuts* is a report of the project Export Market Analysis for Selected Texas Commodities, funded by the Texas Department of Agriculture. For more information, please contact the Center for North American Studies, Department of Agricultural Economics, Texas A&M AgriLife Extension Service, College Station, TX, 77843-2124. 979-845-3070.

World Peanut Exports, 2016-2020

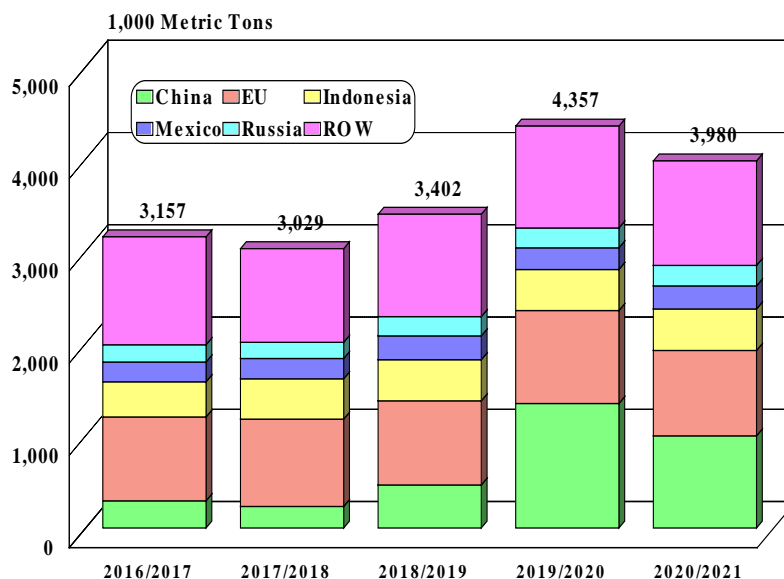


Source: Production, Supply and Distribution Online, FAS/USDA

As with exports, global peanut imports increased significantly during 2019. China, a leader in peanut exports, also led the world in imports in 2019 with 1,350 TMT of peanut imports which fell to one million metric tons in 2020. China is followed by the EU, Indonesia, Mexico, and Russia. Prior to 2019, the EU was the largest import market for peanuts with an average of 925 TMT per year.

During 2019, China imported 883 TMT more than in prior years. This can be accredited to a much higher domestic demand for peanut meal for feed and oil for food, while the production has been relatively leveled in the country. This effect might have been increased further for the 2019/2020 marketing year by the decreasing Chinese imports of soybeans. The rest of the world imported amounts in 2019 and 2020 similar to prior years. Please note that imports are estimated to be 250 TMT lower than exports this is assumed to be due to differences in how countries report exports and imports.

World Peanut Imports, 2016-2020



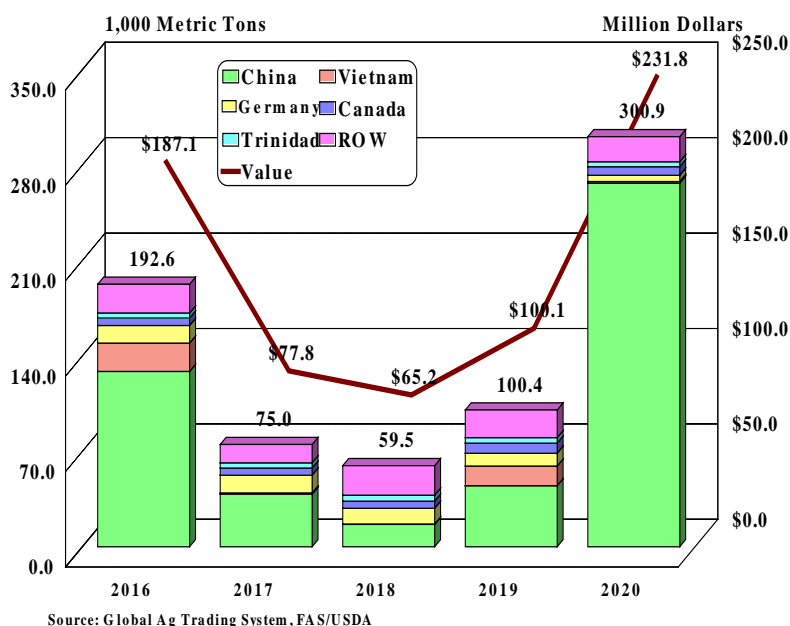
Source: Production, Supply and Distribution Online, FAS/USDA

U.S. Peanut Exports

This paper focuses on U.S. peanut export markets for both in-shell and shelled peanuts to Canada, Mexico, the EU, China, and the potential for U.S. peanut exports to Indonesia. Canada and Mexico are two of the largest markets for both in-shell and shelled peanuts with Mexico being one of the primary destinations of Texas peanuts. The EU is the other major importer of peanuts from Texas. The United States is the sole exporter of in-shell peanuts to China, and the size of demand and recent growth are reasons to examine this market. Finally, Indonesia is a consistently large market for peanut imports in which the U.S. has very little involvement. U.S. in-shell peanut exports averaged around 145 TMT since 2016, with 2016 and 2020 being much higher than other years and most of the increased exports being sent to China.

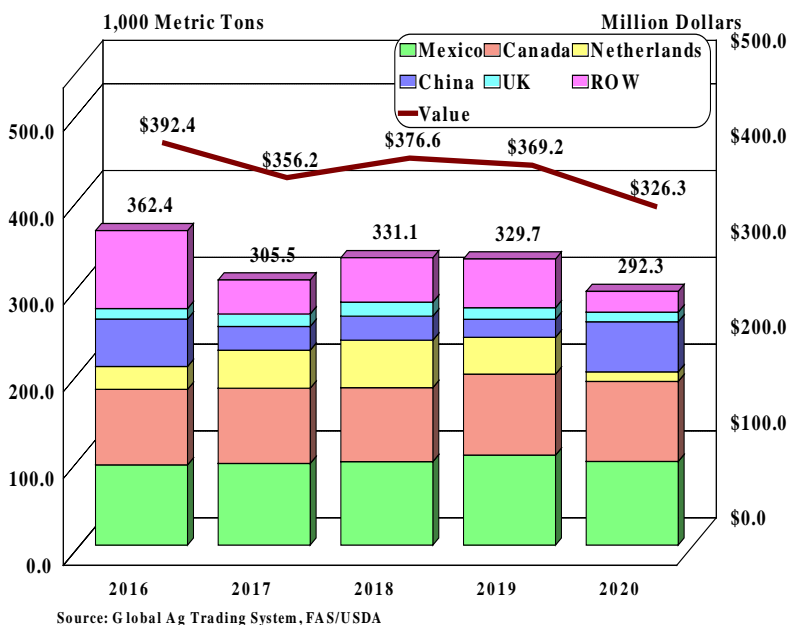
During 2020, U.S. in-shell peanuts were 300.9 TMT valued at \$231.8 million, 200 TMT and \$131 million higher than exports in 2019. The spike in exports to China seen in 2016 can be attributed to comparatively low-cost price of U.S. in-shell peanuts exported to China to be crushed and the United States being the sole provider of in-shell peanuts to China. Total exports of in-shell peanuts has varied from year to year due to varying amounts of exports to China.

U.S. In-Shell Peanut Exports, 2016-2020



U.S. shelled peanut exports triple in-shell peanuts exports most years. Since a big increase in exports during 2016, the U.S. shelled peanut exports have averaged over 320 TMT and were 292.3 TMT valued at \$326.3 million during 2020. These are being shipped mostly to Canada and Mexico, which together make up more than fifty percent of U.S. shelled peanut exports. Over the years, there are consistent exports of U.S. shelled peanuts to Canada, Mexico, and the EU (primarily the Netherlands, Germany, and the United Kingdom). China is also an important market as it has been a growing importer for U.S. shelled peanuts.

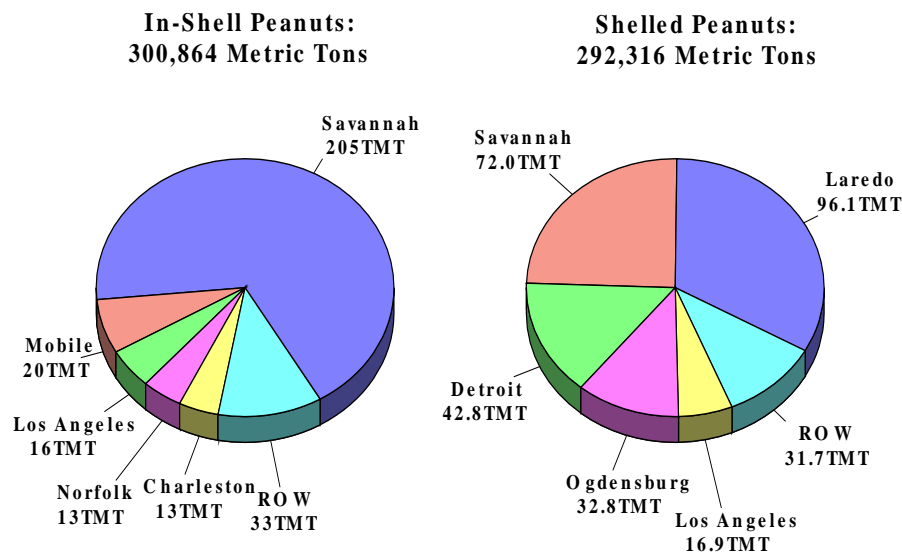
U.S. Shelled Peanut Exports, 2016-2020



Two-thirds of U.S. in-shell peanuts exports, 205 TMT, used the Savannah port district in 2020. The Savannah port district saw an increase of 160 TMT from 2019 exports due to China’s increased demand of in-shell peanuts from the United States. The Houston and Laredo districts are important ports for Texas together these two were the source of 8.8 TMT of U.S. in-shell peanuts. The bulk of in-shell peanuts leaving Texas are shipped to the EU.

As for shelled peanut exports in 2020, over half used the Savannah and Laredo port districts. Detroit, Ogdensburg, and Los Angeles are also major ports in the U.S. for exporting shelled peanuts. These five ports account for 260 TMT. Texas has two major port districts – Laredo and Houston – Houston falls just shy of those on the graph. In 2020, these two together accounted 105.2 TMT of shelled peanut exports. The Laredo port district ships its peanuts to Mexico, the largest importer of U.S. shelled peanuts. In 2020, more than 95 TMT of U.S. shelled peanuts to Mexico came through the port of Laredo. The port of Houston exports shelled peanuts mainly to the EU, more specifically the Netherlands, United Kingdom, and Germany. A decrease in EU imports of U.S. peanuts has led to lower peanut exports through the port of Houston.

U.S. Peanut Exports by Port District, 2020



Source: U.S. Census Bureau from WisierTrade

Most U.S. peanuts are grown in Georgia, Florida, Alabama, Texas, and North Carolina. Eight other states produce the rest of total production totaling almost 2.8 MMT in 2020. U.S. peanut production has averaged 2.7 MMT and been fairly level through this time. The peak seen in 2017 is the highest production of peanuts recorded in the U.S.

U.S. Peanut Production by State, TMT					
	2016	2017	2018	2019	2020
Georgia	1,248.7	1,620.1	1,304.1	1,248.2	1,487.5
Alabama	280.8	319.5	259.2	237.0	288.9
Florida	251.6	289.5	256.2	267.1	254.4
Texas	253.8	316.2	210.4	221.3	222.2
North Carolina	158.5	217.6	172.0	203.5	192.3
Other	337.9	464.2	290.6	302.0	336.5
Total Production	2,531.3	3,226.9	2,492.5	2,479.1	2,781.8

Source: National Ag Statistics Survey, NASS, USDA

Barriers to Trade

Tariffs are one of the biggest barriers to trade faced by U.S. peanut exporters. While Mexico and Canada have set their tariff rates on U.S. peanuts to zero, the EU imposes a 25 percent tariff on shelled peanuts with no tariff on in-shell peanuts. Also due to the trade war with China recently, tariffs on in-shell and shelled peanuts have increased from 15 percent to 25 percent and 40 percent, respectively. Indonesia has a 5 percent tariff on U.S. peanuts.

Phytosanitary certificates (PC) and import permits (IP) are both required in some markets. The EU has neither of these requirements for U.S. peanuts, while Canada also has no requirement for shipping peanuts in-shell or shelled, with exception from New York which requires both a PC and IP. Mexico, China, and Indonesia all have PC requirements for U.S. peanuts, while China also requires an IP. Each country has mandates in place requiring shipments containing allergens to be labelled.

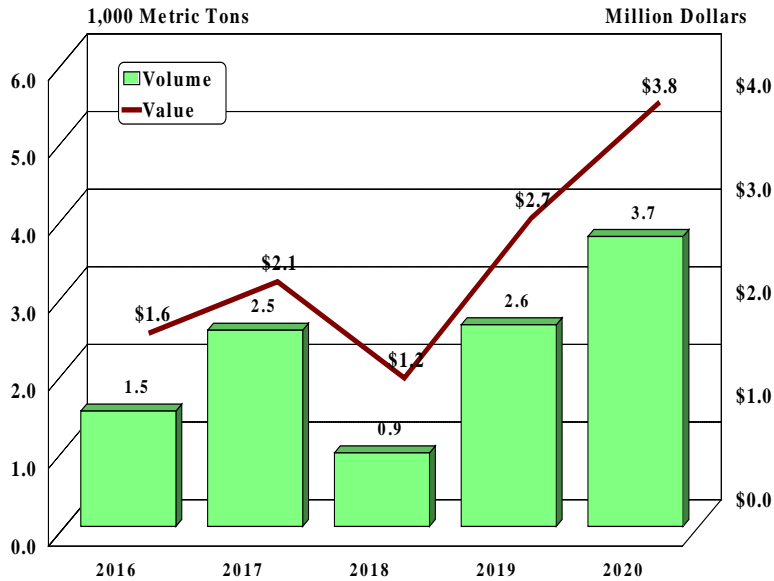
An IP is obtained by the foreign importer. A PC may be obtained by contacting the USDA Animal and Plant Health Inspection Service (APHIS). Contact information for the Texas APHIS is found at: https://www.aphis.usda.gov/aphis/ourfocus/planthealth/sa_export/sa_ecs/texas/.

U.S. Peanut Exports to Mexico

While Mexico is the largest market for U.S. peanuts, the market for in-shell peanuts is relatively small. In 2020 the total imports of in-shell peanuts imported by Mexico from the United States rose to 3.7 TMT which was valued at \$3.8 million. The only competition in Mexico for U.S. in-shell peanuts is from China.

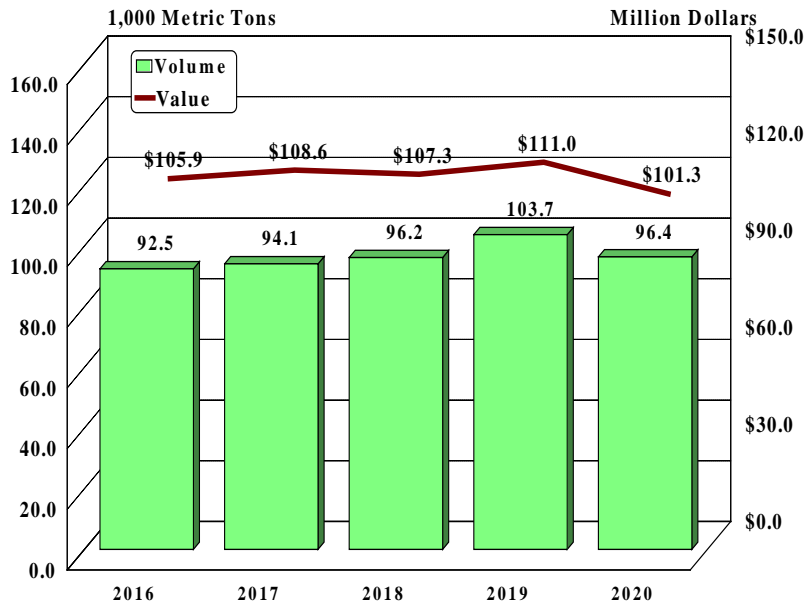
A large majority of Mexico's market for peanuts is for shelled peanuts. In 2020, over 96 TMT were exported to Mexico with a substantial amount being grown in Texas and exported through Laredo. As the U.S, shelled peanut exports to Mexico have averaged 96.5 TMT since 2016, exports have been relatively consistent across this time period. The United States is also Mexico's largest supplier of shelled peanuts.

U.S. In-Shell Peanut Exports to Mexico, 2016-2020



Source: GATS, FAS/USDA

U.S. Shelled Peanut Exports to Mexico, 2016-2020



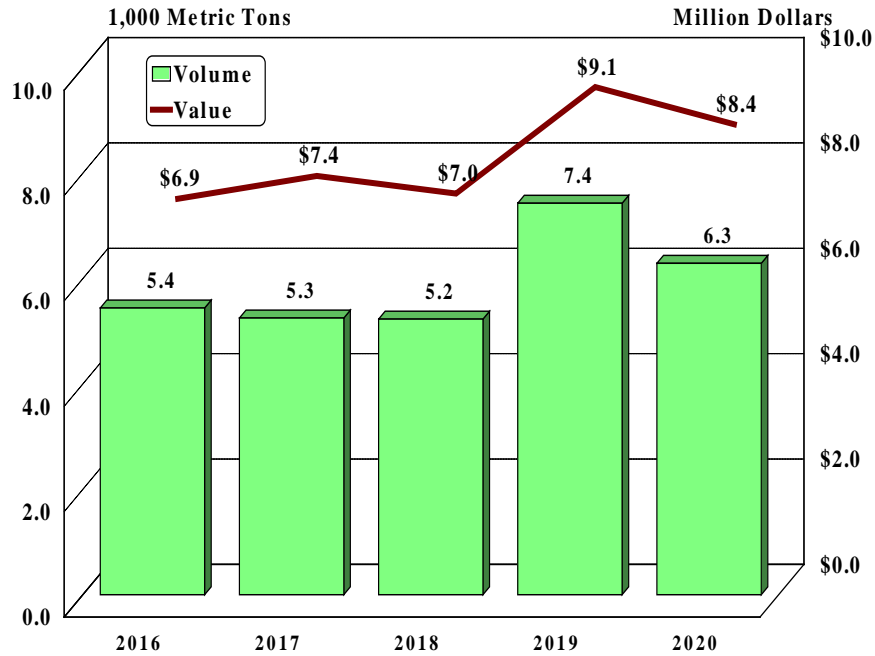
Source: GATS, FAS/USDA

U.S. Peanut Exports to Canada

The United States is the largest supplier of both shelled and in-shell peanuts to Canada, the second largest market for U.S. peanuts with over 98 TMT in 2020. The Canadian market for U.S. in-shell peanuts is nearly double the size of the Mexican market, but, like the Mexican market, is relatively small when compared to the shelled peanut exports to Canada. In 2020, U.S. in-shell exports to Canada were 6.3 TMT, which is down from 2019 but above previous years.

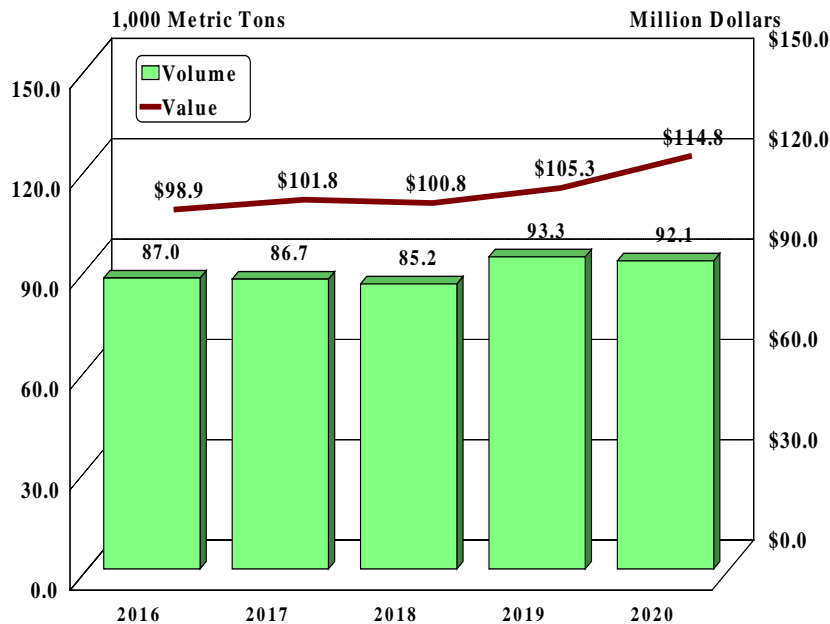
Canada’s market for U.S. shelled peanuts is significantly larger, similar in size to the Mexican market. Since 2016, U.S. shelled peanut exports to Canada have consistently grown, reaching 92.1 TMT worth \$114.8 million during 2020.

U.S. In-Shell Peanut Exports to Canada, 2016-2020



Source: GATS, FAS/USDA

U.S. Shelled Peanut Exports to Canada, 2016-2020

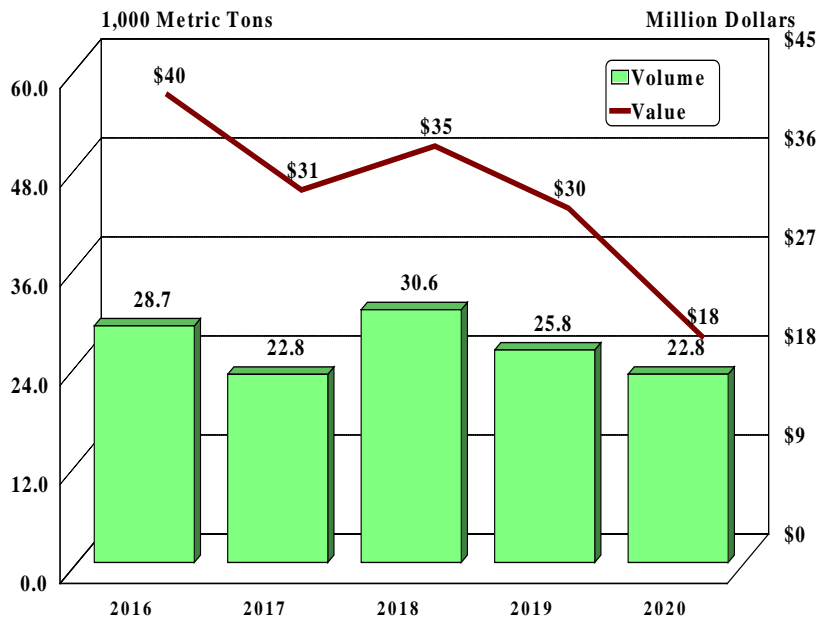


Source: GATS, FAS/USDA

U.S. Peanut Exports to European Union

Prior to 2019, the EU has been the world's largest importer of peanuts. China, to be discussed later, was the largest market during 2019 and 2020. Recently, U.S. shelled peanut exports to the EU have decreased substantially. This is most likely attributed to high tariffs added by the EU onto on many different U.S. products, including peanuts. The tariffs on in-shell and shelled peanuts have increased to 25 percent and 40 percent, respectively. While EU imports of U.S. in-shell peanuts have averaged 26.1 TMT since 2016, both the volume and value of these exports have decreased since 2018. During both 2017 and 2020 the EU imported 22.8 TMT of in-shell peanuts from the United States, but value in 2020 is nearly \$13 million less than 2017, another likely impact of the added tariffs on U.S. peanuts. The largest EU market for U.S. in-shell peanuts is Germany and The Netherlands, accounting for 40 percent of the total in 2020.

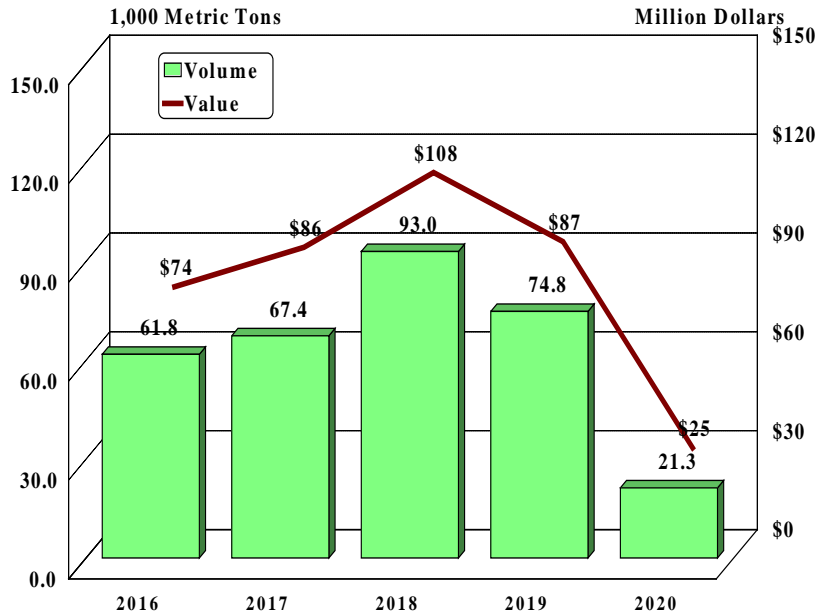
U.S. In-Shell Peanut Exports to EU, 2016-2020



Source: GATS, FAS/USDA

The EU has been one of the largest markets (3rd) historically for U.S. shelled peanuts before falling in 2020 when U.S. shelled peanut exports fell to 21.3 TMT, nearly 50 TMT lower than the year prior. U.S. shelled peanut exports destined for the EU averaged 74.3 TMT from 2016–2019. The largest EU markets for U.S. shelled peanuts are The Netherlands and UK, which has recently left the EU. During 2016, these two countries often account for about 80 percent of U.S. exports. The largest competition the U.S. peanuts exports face in the EU are peanuts from Argentina and China. There is also a large amount of intra-EU trade in peanuts.

U.S. Shelled Peanut Exports to EU, 2016-2020

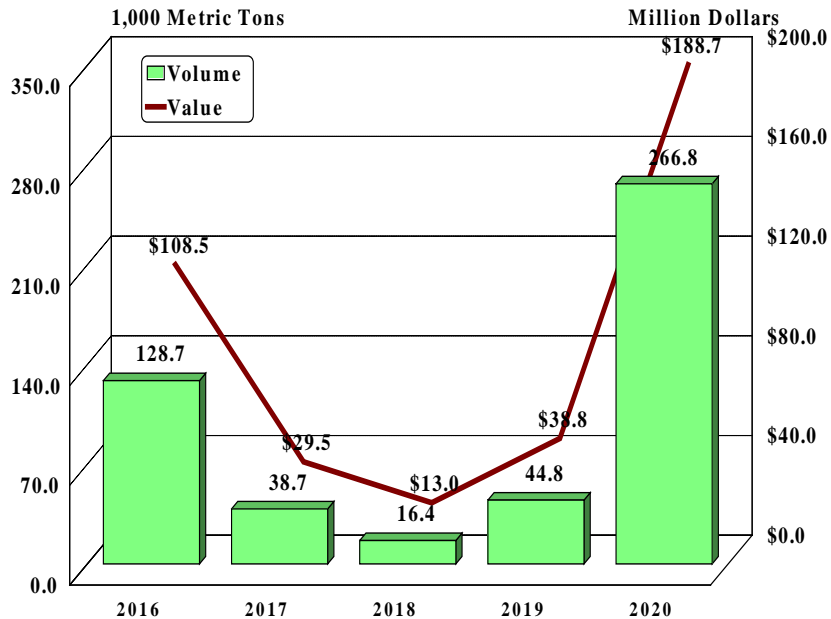


Source: GATS, FAS/USDA

U.S. Peanut Exports to China

The United States is the sole import supplier of in-shell peanuts to China. Since 2016, U.S. in-shell peanut exports to China have averaged 28.8 TMT until 2020 when a large jump occurred. In 2020 U.S. in-shell peanut exports were 266.8 TMT, 222 TMT higher than the year prior, which was valued at \$188.7 TMT.

U.S. In-Shell Peanut Exports to China-HK, 2016-2020

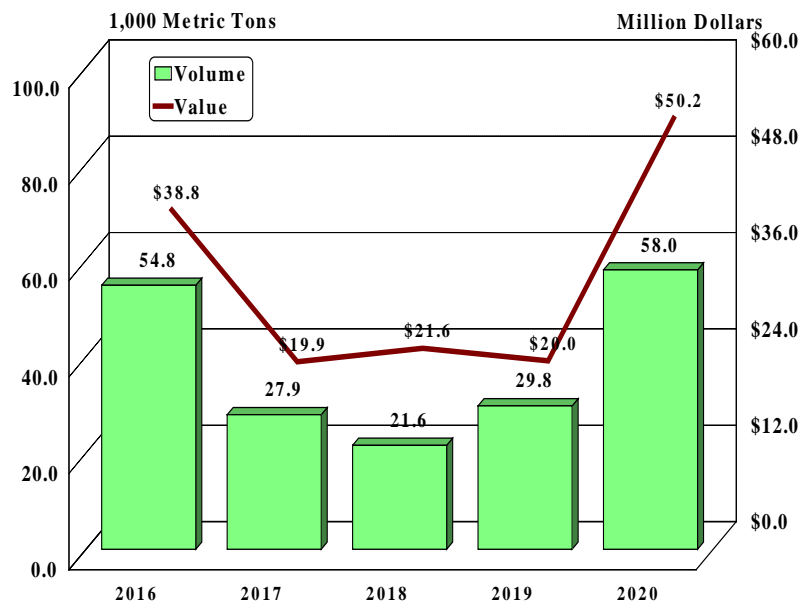


Source: GATS, FAS/USDA

As noted, China is the largest global producer of peanuts. However, with such a large population, they often require peanut imports to meet demand. The majority which are imported are crushed and used for oil. The reason for the large increase seen in 2020 is linked to China's decrease in soybean imports, which are also used for oil. China likely substituted peanut oil for soybean oil in 2020.

U.S. shelled peanut exports to China are typically lower than in-shell peanut exports. U.S. shelled peanut exports during 2020 were 58 TMT worth \$50.2 million. The largest competition for shelled peanuts exports to China are Senegal and Argentina.

U.S. Shelled Peanut Exports to China-HK, 2016-2020



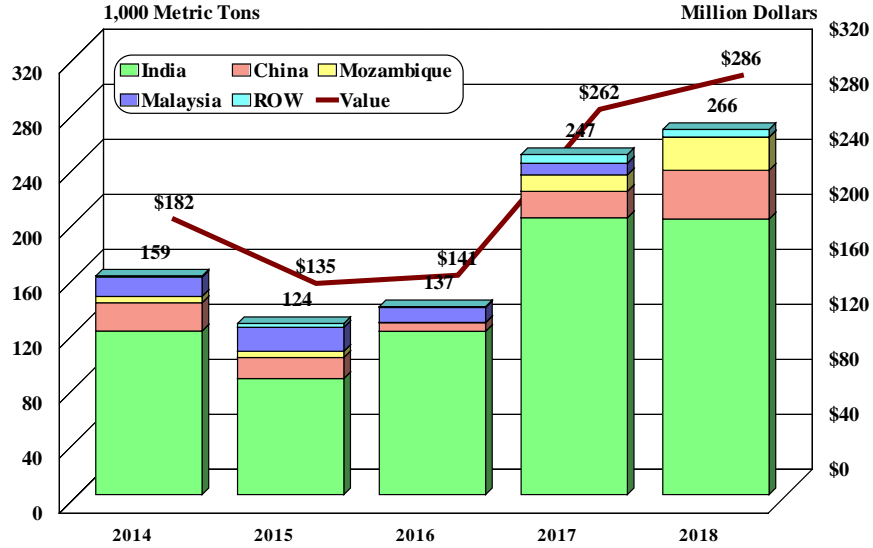
Source: GATS, FAS/USDA

The Indonesian Market for Peanut Exports

The United States has had little involvement in the Indonesian peanut market despite Indonesia being the third largest peanut import market behind the EU and China. The main reason for this is that India, the second leading global peanut producer, is a much closer alternative for Indonesia, and the two countries have a trade agreement in place. Indian peanuts make up the majority of Indonesia peanut imports, both in-shell and shelled. While Indonesian tariffs on U.S. peanuts entering Indonesia are only 5 percent, the proximity of India lowers transportation costs and Indonesia has no tariffs on Indian peanuts.

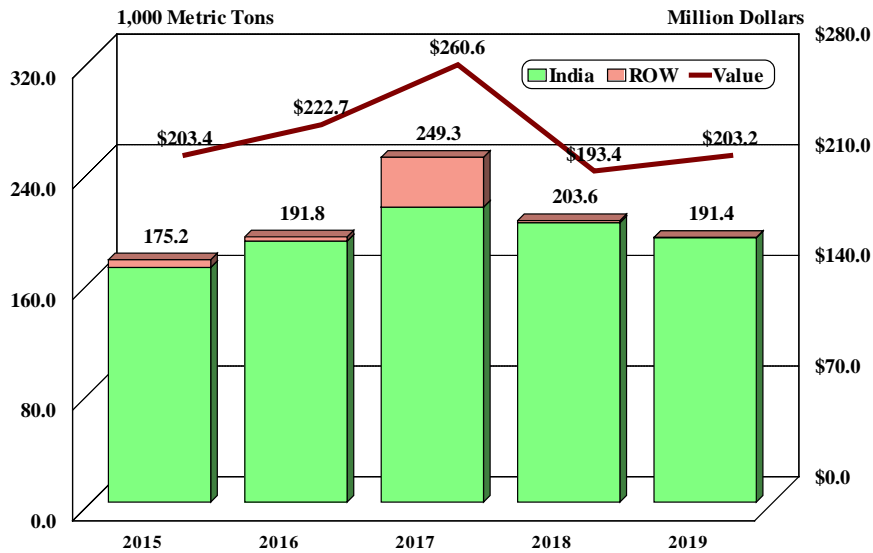
However, the United States does export small volumes of shelled peanuts to Indonesia, which can be built upon. Further, Indonesia has the largest economy of southeast Asia and a growing middle class. Since U.S. peanut exports are already being moved to China, the distance disadvantage can be overcome. Expanding the presence of U.S. peanuts in this large market is likely worth pursuing. While Indonesian imports have not yet been updated it is known that U.S. shelled peanut exports to Indonesia for 2019 were 130 MT.

Indonesia In-Shell Peanut Imports, 2014-2018



Source: GATS, FAS/USDA

Indonesia Shelled Peanut Exports, 2015-2019



Source: GATS, FAS/USDA

Conclusion

The global market for peanuts is very large. Texas is one of the leaders in peanut production in the United States and exports to Mexico, Canada, China, and EU. There has been growth nearly every year for U.S. peanut exports to each of these markets. U.S. peanuts face competition from China, India, Senegal, and Argentina, but U.S. peanuts are continually able to be competitive. Texas also has an advantage compared to many other states in having the ports of Houston and Laredo allowing access to the EU and to Mexico.

One of the most important factors to continue to examine is limiting phytosanitary certificates and import permit requirements keeping trading relatively free of barriers. Tariffs are currently relatively low for most of the countries which import U.S. peanuts, with a large exception being recent changes with the EU. Addressing EU concerns and finding ways to lower tariffs is going to be important for peanut exports for all states, including Texas. With that said tapping into world markets that the United States is not already a major competitor in should also be examined.

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