

# Pistachios and peanuts in perspective

Market comparisons like 'apples and oranges'

WASHINGTON — While the "culprit" was the same and consumers face what most simply view as the second recall of a major nut in as many months, comparing peanuts and pistachios is almost like comparing apples and oranges.

*Salmonella* contamination was the cause of both recalls with poor processing practices apparently at fault. Although it's still early in the pistachio incident, there doesn't appear to be the widespread devastating effects, including the loss of life, as occurred with peanuts.

Beyond the commonality of the contamination incidents, vast differences abound between the two products. The greatest difference is that peanuts are an annual legume that grows underground, referred to as "ground nuts" in some countries. Pistachios, like other major nuts grown in the United States, come from trees that take years to establish, up to 10 years for significant production and 20 years for peak output in the case of pistachios.

The difference in production volume also is astounding. In 2008 U.S. peanut production was record large at 5,148 million lbs, up 40% from the previous year, according to the U.S. Department of Agriculture. Pistachio utilized production, meanwhile, was estimated at 278 million lbs in 2008, down 33% from a year earlier. The pistachio crop equaled 5% of the peanut crop in 2008.

Of the tree nuts, pistachio production in the U.S. ranks third in pounds, behind almonds and walnuts, but ahead of pecans, macadamias and hazelnuts. Like most other nut trees, pistachio trees are "alternate year" bearing, meaning they produce a large crop every other year, thus the 33% decline in 2008 production.

Uses also are vastly different. Peanuts are considered an oilseed in U.S.D.A. production reports, mostly valued for their oil, which typically carries a large premium to the most common vegetable oil from soybeans. Roughly half of the peanut crop is used to make peanut butter, with the other half split between snack nuts and confectionery (candy). Pistachios are used mostly as a snack food with about 85% sold as open in-shell nuts.

The peanut recall is expected to have a devastating affect on peanut production this year. In its March 31 Prospective Plantings report, the U.S.D.A. said U.S. farmers intend to plant 1,124,000 acres of peanuts in 2009, down 27% from 2008.

"Record production in 2008 and concerns about future demand as a result of the *Salmonella* outbreak have limited the number of contracts being offered to producers," the U.S.D.A. said.

Pistachio production, on the other hand, should substantially

increase in 2009 because it is an "up" year in the alternate bearing pattern of the trees. Unlike peanut growers, pistachio producers can't easily, or economically, switch to other crops.

While size varies significantly, the value of peanut and pistachio crops is much closer. Peanut prices averaged 20¢ a lb in 2008, giving the record large crop a value of \$1,052 million. Pistachio prices averaged \$1.94 a lb in 2008, giving the crop a value of \$539 million, roughly half that of peanuts.

Based only on crop value, the loss to the peanut industry would be about \$26 million compared with about \$23 million for the pistachio industry. Some industry reports have put a "cost" of as much as \$1 billion on the peanut debacle. Considering the much wider use of peanuts and peanut products compared with pistachios, one would expect the "cost" to the latter would be much less.

In its March 27 Fruit and Tree Nuts Outlook, issued prior to the pistachio *Salmonella* outbreak, the U.S.D.A. said it expected a good year for pistachios.

"The Administrative Committee for Pistachios reports that so far this season, August 2008 through February 2009, pistachio export shipments have been record high; domestic shipments, while strong, are trailing last season," the U.S.D.A. said.

Helpful to U.S. pistachio growers, 2008 production in Iran, the world's largest pistachio producer, was down as much as 75%, opening potential export markets for U.S. nuts.

The almond industry faced a major recall in 2004 because of *Salmonella* in raw almonds. That recall involved 13 million lbs, or just over 1% of that year's 1,005 million lb crop. The government has since required all raw almonds to be pasteurized prior to sale. And the almond industry has since recovered nicely, producing its most valuable crop ever in 2005 and its largest crop ever in 2008. ■

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