

Milking it: Health trends have driven demand for tree nuts

By James Thomson

Rising global nut consumption has boosted revenue for Australian tree nut farmers

Exports of tree nuts are expected to grow at an annualised 6.6 % over the five years through 2018-19

Increasing health consciousness has boosted nut consumption rates and the use of almond milk in cafes. This trend has aided revenue growth for tree nut growers, and cafes and coffee shops.

Australia's tree nut growers have been benefiting from rising health consciousness and global nut consumption. Domestic consumption of nuts and plant-based milk alternatives has also been growing, with consumers increasingly choosing dairy alternatives such as almond or soy milk in cafes and coffee shops. Operators in the Tree Nut Growing industry grow almonds, macadamias, walnuts, pecans, chestnuts, pistachios, hazelnuts and other tree nuts. Despite significant revenue volatility over the five years through 2018-19, industry revenue is expected to rise at an annualised 12.7 % over the period, to reach \$899.6 million in the current year.

The Tree Nut Growing industry is heavily exposed to international markets, with firms engaging in a high level of international trade. Exports of tree nuts are expected to grow at an annualised 6.6 % over the five years through 2018-19. Australian nut growers have been steadily developing export markets over the past five years, with exports making up an increasing share of industry revenue over period. Approximately 70 %

of Australia's largest tree nut crop, almonds, is expected to be exported in 2018-19. Australian nut growers benefit from a counter-seasonal harvest compared with the Northern Hemisphere, helping boost demand for Australian tree nuts in these markets.

Australia competes heavily in export markets with other major nut producing countries, including the United States and South Africa. Escalating trade tensions between some of the industry's trading partners, such as the United States and China, have prompted short-term uncertainty in global nut markets, and may have an adverse effect Australian nut exports. In April 2018, China introduced an additional 15 % tariff on tree nuts from the United States. This included tariffs on some of the major tree nut varieties grown in Australia, such as almonds, macadamias and walnuts. These trade tensions may create an opportunity for industry firms to expand exports to China, where tariffs on Australian tree nuts are set to be eliminated from January 2019 under the China-Australia Free Trade Agreement. However, industry firms may face greater competition in other markets if US growers respond by targeting alternative export markets.

Growing demand for plant-based milk

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substitutes over the past five years has also supported almond sales, which account for over 60% of Australia's tree nut production. Domestic nut consumption has increased over the period, as consumers have become more aware of the nutritional benefits associated with eating nuts. Almond milk is now the second most popular milk alternative, and has grown the most over the past five years. Almond milk is created by milling toasted almonds with water and adding flavours according to the type of almond milk produced. Almond milk is also one of

the most nutritionally valuable milk substitutes, as it is rich in vitamins and minerals such as vitamin E, manganese, magnesium, phosphorous, potassium, selenium, iron, fibre, zinc and calcium. Almond milk is also free of saturated fat and cholesterol. Rising global consumption of nuts and plant-based milk alternatives is forecast to continue supporting demand for tree nuts over the next five years.

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