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# PEANUTS

## SECTION 15

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## MARKETING

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CONSUMPTION | WORLD PRODUCTION | CONTRACT OPTIONS



**i MORE INFORMATION**

[Australian Oilseeds Federation. Quality Standards, Technical Information & Typical Analysis 2017–18](#)

# Marketing

## 15.1 Consumption

Domestic peanut consumption is ~50,000 tonnes (t) of nut-in-shell, increasing at 2–3% per year. The Australian industry has worked hard to increase production and processing efficiencies to meet this demand.

Australian peanut production usually meets the domestic demand, unless there is a severe drought. The industry is now actively developing and supplying export markets.

Australia is one of the few peanut-producing countries, if not the only country, where imports are permitted with minimal tariffs.

Recently, Australia has imported 5,000–8,000 t of peanuts each year, mainly from Argentina and Nicaragua.

There are about 120 manufacturers in Australia using peanuts for snack-food, confectionery or peanut butter (Photo 1). Seven processors account for ~80% of the market.



**Photo 1:** Peanuts are widely used in snack foods.

Peanuts are sold as:

- nut-in-shell raw, boiled or roasted
- kernels raw, roasted, blanched or salted
- kernels manufactured into peanut butter or used in confectionery
- peanut oil for cooking, food processing and margarine (Photo 2)
- peanut meal, the residue after oil extraction—a high-protein stock feed
- shells for stock feed, potting mix and soil conditioners. <sup>1</sup>

<sup>1</sup> PCA/DPIF (2007) Peanut industry. Peanut Company of Australia/Department of Primary Industries and Fisheries Queensland, [http://www.pca.com.au/bmp/pdfs/2c\\_indust\\_hist.pdf](http://www.pca.com.au/bmp/pdfs/2c_indust_hist.pdf)



**Photo 2:** Worldwide, most peanuts are crushed for oil.

### 15.1.1 Food value

Peanuts contain 26% protein, higher than eggs, dairy products and many cuts of meat and fish. This high protein level makes peanuts a nutritional snack-food, even improving the nutritional value of confectionery.

Peanuts have high fibre content and a low glycemic index, one of the lowest of all foods. Peanuts are:

- cholesterol-free
- very low in saturated fat
- rich in vitamin E, thiamine, niacin, folic acid, vitamin K
- a good source of vitamin B6, biotin and pantothenic acid
- a low-sodium food (unsalted peanuts).<sup>2</sup>

### 15.2 World production

World consumption of peanuts is increasing at a rate of ~3% per annum. Peanuts are called groundnuts in many parts of the world, particularly Asia and Africa. They have also been called goober peas in southern states of the USA.

In 2004–05, world peanut production was 31,582 million t, of which Australia contributed <0.2%. China, India and the USA are the main producers, growing 15, 7.0 and 2.2 million t, respectively (see Table 1).

About 95% of the world’s production is consumed within the country of origin, with >50% crushed for oil and used for cooking. Only ~5% is traded on the world market, the majority of which are runner peanuts.

The price of peanuts on the world market has shown little movement over the past 10 years, except in those years when the USA has had a crop shortage. The USA tends

<sup>2</sup> PCA/DPIF (2007) Peanut industry, Peanut Company of Australia/Department of Primary Industries and Fisheries Queensland, [http://www.pca.com.au/bmp/pdfs/2c\\_indust\\_hist.pdf](http://www.pca.com.au/bmp/pdfs/2c_indust_hist.pdf)

to set world prices as a dominant exporter. Peanuts from China and Argentina usually trade at a price 5–20% less than the US price.

World peanut prices have risen recently because of increased demand for oilseeds worldwide.<sup>3</sup>

**Table 1: 2004–05 peanut production, imports and exports ('000 t, nut-in-shell).**

Production		Imports		Exports	
China	15,000	UK	250	China	600
India	7,000	Netherlands	260	Argentina	500
USA	2,200	Germany	230	USA	400
Indonesia	920	Japan	150	South Africa	25
Argentina	800	Indonesia	120	Brazil	2
Senegal	695	Canada	100	India	0
Burma	500	Hong Kong	85	Sudan	0
Sudan	400	France	66		
Other	4,067	Other	544	Other	278
<b>Total</b>	<b>31,582</b>	<b>Total</b>	<b>1,805</b>	<b>Total</b>	<b>1,805</b>

Source: Peanut Company of Australia

### 15.3 Contract options

Contract options for marketing are based on a price for each grade of peanuts in the load. For example:

Snackfood	(Jumbo)	]	] Edible kernel portion
	(Grade 1)	]	
	(Grade 2)	]	
Manufacturing	(Grade 5 Splits)	]	]
	(Grade 7 MFG)	]	
Oil	Through sieve		Oil crushing
	Hand picked		

This grading system applies to all varieties of peanuts, i.e. Virginia, runner and ultra-early types. Payment is made on the basis of kernel weight and quality as determined from the sample taken at intake (see sample receival advice, Figure 3).

Jumbo, Grade 1 and Grade 2 refer to the size categories in each peanut type. Although this grading system applies to all peanuts, a Jumbo in a Virginia variety (750 kernels/kg) is a different size to a Jumbo in a runner variety (1300 kernels/kg) and does not have an equal payment.

Contracts are on a per-hectare basis and offer flexible payment terms depending on growers' individual requirements. Growers' payments are processed through the PCA Kingaroy Office, and queries regarding the payment system should be directed to the growers' local PCA representative or Grower Payments Officer, Kingaroy.<sup>4</sup>

Growers have a choice of three processors:

PCA  
 133 Haly Street, Kingaroy, Qld  
 PO Box 26, Kingaroy, Qld 4610  
 Ph: (07) 4162 6311  
 Email: peanuts@pca.com.au

<sup>3</sup> PCA/DPIF (2007) Peanut industry. Peanut Company of Australia/Department of Primary Industries and Fisheries Queensland, [http://www.pca.com.au/bmp/pdfs/2c\\_indust\\_hist.pdf](http://www.pca.com.au/bmp/pdfs/2c_indust_hist.pdf)

<sup>4</sup> G Wright, L Wieck, P Harden (2015) Peanut production guide, August 2015. Peanut Company of Australia, <http://www.pca.com.au/wp-content/uploads/2016/11/PWH-Peanut-Production-Guide-2015.pdf>



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