

As prices rise, Oregon hazelnut prospects soar

Helped by Turkey's misfortune, the boom continues in Oregon's hazelnut orchards.

Eric Mortenson

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Tim Aman pulls a harvester along a windrow of valuable hazelnuts Oct. 3 near Mount Angel, Ore.

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MOUNT ANGEL, Ore. — In the heart of Oregon's hazelnut country, sunlight dapples the thick orchards and nuts fall to the perfectly level ground like pennies from heaven.

Actually, make that 1.3 cents. A frost that seriously damaged Turkey's world-leading crop has resulted in a record price for Oregon growers, who produce up to 99 percent of U.S. nuts. At \$1.70 a pound, growers estimate each nut is worth 1.3 cents, and they aren't about to leave any on the orchard floor.

“With the price of nuts this year, guys are going to sweep two or three times,” said Tim Aman, who with his brothers Tom and Kevin operates Aman Farms near Mount Angel. The price, he said, makes up for those dark years of getting 30 or 40 cents a pound and worrying that Eastern Filbert Blight might wipe out a significant Oregon crop.

‘Tsunami of nuts’

In contrast, these are heady days. Oregon growers are still relatively small players internationally, producing about 5 percent of the world total, but have been adding 3,000 to 5,000 acres of hazelnuts annually. The state has gone from 29,000 acres of hazelnuts in 2009 to an estimated 47,000 acres this year.

Oregon State University’s hazelnut program, funded by growers and headed by renowned breeder Shawn Mehlenbacher, developed a series of blight-resistant varieties that frankly saved the industry. Growers nursed their older orchards along with stringent pruning and spraying programs while the new trees, which take about four years to mature, settled in and began producing at commercial levels.

In some cases, especially during the recession, Willamette Valley farmers replaced grass seed fields or row crops with hazelnut orchards.

“There’s a tsunami of new nuts coming in,” Aman said.

Demand appears to be keeping pace. Hazelnuts are favored as an in-shell snack in China, and shelled kernels, which account for 93 percent of production, can be chopped, ground, salted or coated for cooking, baking or snacking.

Like other nuts, they’re considered healthy, and it doesn’t hurt that Oregon already has a reputation among foodies for producing high-quality fruit, nuts and vegetables. Grocery chains such as Trader Joe’s have taken notice and sell nuts labeled as grown in Oregon.

“We’re waking up the U.S. markets, the huge retailers are waking up to hazelnuts,” Aman said.

\$120 million crop

Hazelnuts have risen to be Oregon’s ninth biggest crop, with a 2013 farmgate value of \$120 million, according to the USDA’s National Agricultural Statistics Service. The 2014 crop is projected at 36,000 tons, about 20 percent below last year, but hazelnut marketers say yields are cyclical and commonly rise and fall from year to year.

Is there a ceiling to Oregon production? Mehlenbacher of OSU said the state could handle 100,000 acres of hazelnuts with “not much of a problem.”

“This year is striking because the Turks lost half of their crop,” he said. “Oregon has the right climate and 100 years of dealing with hazelnuts, and can deliver a product of consistent high quality.”

The state’s processing facilities haven’t kept pace — nuts need to be washed, dried and cracked — but there’s time to catch up because it takes eight to 10 years for hazelnut trees to reach maximum production, Mehlenbacher said.

“Once they’re planted you have that period to build the receiving stations and dryers.”

Demand is strong and Oregon is in good position to take advantage, Mehlenbacher said. Ferrero, the Italian company that makes the popular Nutella hazelnut spread, has expanded into North America “in a big way” and is pursuing nut supplies, he said. Meanwhile, the freeze isn’t Turkey’s only problem.

“Even in a normal year they have trouble picking their crop,” Mehlenbacher said. “The entire crop has to be picked by hand” because of the varieties they grow, while Oregon’s nuts fall to the ground naturally and are swept up by mechanical harvesters.

“It’s a problem for the Turks,” he said. “Turkey has dominated for decades, but I think their market share will continue to decline.”

Italy, Chile and former Soviet republics Georgia and Azerbaijan grow hazelnuts and are planting more, and Washington state and British Columbia can increase production, he said. Fruit production districts in the eastern U.S. and Great Lakes regions may be able to grow hazelnuts as well, Mehlenbacher said, but none of them match the Willamette Valley’s combination of mild climate, new varieties and experienced growers.

“In the meantime, we have that huge advantage here in Oregon,” he said.

Industry spinoff

The economic spinoff from a rising hazelnut industry is considerable. Many growers use harvesters built for California’s almond harvest, but Oregon fabricators now offer their own versions. GK Machine, in Donald, Ore., makes a hazelnut harvester, and Wiesner Metal Fab, in Brooks, Ore., is demonstrating a model this fall that is designed to handle the sometimes muddy conditions that can slow harvest.

Aman Farms, which has a hazelnut nursery in addition to orchards, is sold out of trees through 2015, Tim Aman said.

Hazelnut tree production is an increasing percentage of business for Microplant Nurseries in Gervais, Ore., which reproduces varieties using cuttings grown in a test tube and nutrient gel. The micropropagation technique cuts five to six years off the traditional reproduction method of cutting suckers from existing trees. It allows rapid reproduction and distribution of new varieties.

Gayle Suttle, general manager of Microplant Nurseries, calls the method a propagation “power tool.” The company sells inch-high plantlets to nurseries such as Aman Farms, which place them in greenhouses and grow them into young trees for planting. Within six months, the trees can reach 6-foot tall.

Microplant develops a wide variety of ornamental trees, shrubs and berries, but hazelnuts in particular have come on strong, Suttle said. Using cuttings supplied by OSU, the company has grown 29 hazelnut varieties and produced more than one million trees for Oregon growers since 2001. Meanwhile, the company has continually added employees — it has 47 this year compared to 35 in 2013.

“The numbers have gone up and up and up,” Suttle said. “Next year is going to be massive.”