

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Spain

### CANNED DECIDUOUS FRUIT ANNUAL

**2010**

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**Report Highlights:**

The shrinking demand, the strong competition from developing countries and the lack of direct subsidies is negatively affecting the fruit canning industry in Spain. Industry sources estimate canning peach production for MY 2010/11 at 85,000 MT. The future of this traditional sector is uncertain, as prices paid to cling peach producers are lower every year and labor costs and other costs of production are higher than those in emerging exporting countries.

**Commodities:**

Peaches, Canned

**Production:**

The total Spanish 2010/11 peach crop is estimated at 725,700 MT, almost 8 percent lower than during the previous year. For this same period, the cling peaches crop for Spain is estimated at 339,500 MT. The production of cling peaches in Spain is concentrated in the Murcia and Aragon Region. Industry sources indicate that in the Murcia region, where the canning industry is concentrated, the crop of cling peaches is expected at 115,000 MT, 20 percent lower than the previous year. In Aragon, estimates indicate a production of around 175,000 MT.

Peach producers enjoyed another quality crop with production very suitable for the fresh market. The robust demand in both the domestic fresh market as well as for export and the low prices received by producers are causing a reduction in the deliveries to processors, as fresh peaches almost always command a premium price relative to that offered by processors. Spain's total canned peaches production in MY 2010/11 is expected to reach 85,000 MT.

During the current MY 2010/11, peaches for processing were paid at € 0.21 per kilo, which is a small improvement compared to previous year, when the price paid to the farmers was € 0.19, but a significant decrease compared to MY 2008/09, when a kilo was paid at € 0.31. This situation, along with the economic downturn and the decrease in consumption, is pushing farmers to either leave the farms or switch to other more profitable crops.

The sector has experienced significant consolidation. Economic and producer pressure has cut the number of canned peach processing plants, while capacity has remained about the same. The surviving plants are the most efficient and in the best competitive position for the future.

Thanks to advances in packaging and transportation, consumers can now enjoy fresh peaches throughout much of the year. Processed product innovations - like peach puree - may provide greater margins and, thus, increased incentive for processors to pay higher prices to secure raw product.

A major problem for the canned peach and pear industry in Spain is competition from foreign countries, especially China, which in recent years has been rapidly increasing production and exports. The industry complains that it is impossible to compete with their prices, as the labor costs in Spain are significantly higher.

**Consumption:**

Consumption of canned fruit is difficult to determine. According to industry sources, canned fruit consumption is shrinking worldwide as it is in Spain, as consumers prefer fresh fruit when available.

Industry sources indicate that market promotion has not been effective in the past. Canned fruit is a commodity with a mature market and traditional uses. Individual companies have sponsored market promotions and diversified product packaging, but demand trends show a decrease in consumption of these products.

**Trade:**

Spain is the second largest EU exporter, after Greece. Almost all trade in Spanish canned peaches is within the EU. The Spanish industry also exports a few thousand tons of canned peaches to the Middle East and the United States. However, EU countries like France, Portugal, the United Kingdom and Germany are the major export markets.

Canned deciduous fruit exports are expected to reach 45,000 MT, similar to last year’s figures. The competitiveness of suppliers like China and some Latin American countries is significantly affecting the Spanish exports, since Spain’s main export markets can also be easily serviced by competitors from within the European Union or by the new emerging exporters.

<b>Spain: Spanish imports of canned peaches</b>				
	MY 2008		MY 2009	
Partner Country	Quantity (MT)*	USD	Quantity (MT)*	USD
Germany	1,901	2,417,417	1,494	2,349,461
China	978	1,098,558	1,282	1,309,076
Portugal	589	1,585,040	770	2,253,584
France	314	736,952	634	1,467,157
Greece	678	1,067,054	531	639,042
South Africa	248	428,037	278	496,762
United States	0	0	0	0
Others	221	428,579	322	475,601
World	4,929	7,761,637	5,311	8,990,683

Source: Global Trade Atlas (GTA)

<b>Spain: Spanish exports of canned peaches</b>				
	MY 2008		MY 2009	
Partner Country	Quantity (MT)*	USD	Quantity (MT)*	USD
France	8,612	8,997,173	8,454	10,237,395
Portugal	6,379	12,008,790	8,364	10,961,411
United Kingdom	5,588	99,13,539	5,244	8,854,311
Germany	5,254	79,53,314	5,235	6,329,379
Iran	965	13,60,239	2,957	2,559,421
United Arab Emirates	3,772	46,12,973	2,790	2,531,184
United States	1,353	3,553,375	771	1,749,370
Others	12,724	43,069,349	10,536	16,982,896
World	44,647	67,628,687	44,351	60,205,367

Source: Global Trade Atlas (GTA)

<b>Spain: Spanish imports of canned peaches (MT*)</b>			
<b>Imports for:</b>	<b>2009</b>		<b>2010</b>
<b>U.S.</b>	<b>0</b>	<b>U.S.</b>	<b>0</b>
Others		Others	
Germany	1,494	Germany	1,600
China	1,282	China	1,500
Portugal	770	Greece	1000
France	634	Portugal	500
Greece	531	France	400
South Africa	278	South Africa	300
Italy	119	Italy	200
Total for Others	5,108	Total for Others	5,500
Others not Listed	203	Others not Listed	500
<b>Grand Total</b>	<b>5,311</b>	<b>Grand Total</b>	<b>6,000</b>

Source: GTA/FAS estimates

<b>Spain: Spanish exports of canned peaches (MT*)</b>			
<b>Exports for:</b>	<b>2009</b>		<b>2010</b>
<b>U.S.</b>	<b>771</b>	<b>U.S.</b>	<b>500</b>
Others		Others	
France	8,454	Portugal	10,500
Portugal	8,364	France	10,000
Germany	5,244	U.K.	7,000
U.K.	5,235	Germany	6,000
Iran	2,957	U.A.E.	3,500
U.A.E.	2,790	Saudi Arabia	3,000
Belgium	1,535	Netherlands	2,000
Total for Others	34,579	Total for Others	42,000
Others not Listed	9,792	Others not Listed	2,500
<b>Grand Total</b>	<b>44,351</b>	<b>Grand Total</b>	<b>45,000</b>

Source: GTA/FAS estimates

\*Metric Tons, net weight - Gross canned weight converted into net weight by application of a 0.83 conversion factor.

**Policy:**

On January 1, 2008, the Single Farm Payment (SFP) Scheme for peach and pear processing was implemented – initiating the full decoupling of subsidy payments from production.

The SFP will be based on the average of the subsidy payments received by producers during the reference period 2003/04, 2005/06 and 2006/07. Only qualified farmers who received a price subsidy during the reference period are eligible to participate in the SFP scheme.

The EU annual budget for clingstone peaches is 6.667 million Euros until 2013. As the SFP was implemented in Spain with the 2008 clingstone harvest, payments to farmers have not yet begun. Qualifying farmers will receive their payment whether or not they grew clingstone peaches and even if they decided to grow a different crop.

The same policy of full decoupling also pertains to pear production destined for processing, with the same reference period as peaches and an annual budget of 5.967 million Euros until 2013.

According to canned peach processors, the decoupling system and the low prices paid to the farmers caused that some growers to walk away from peach cultivation to pursue more lucrative crops or the fresh market – which is already happening with other agricultural products.

This level of decoupled aid will remain the same until 2013, when the Common Agricultural Policy reform will take place.

**Tariffs:** Tariff levels for 2010 are published in EU regulation 948/2009. For details please refer to: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:287:FULL:EN:PDF>

Canned peaches CN Code 200870 - page 151

Canned pears CN Code 200840 - page 149

Peach Puree CN Code 200799 - page 146

## **Production, Supply and Demand Data Statistics:**

Peaches, Canned Spain	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Jun 2008			Market Year Begin: Jun 2009			Market Year Begin: Jun 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Deliv. To Processors	110,000	110,000	121,000	0	0	110,000	0	0	94,000	(MT)
Beginning Stocks	20,000	20,000	20,000	0	0	30,000	0	0	35,000	(MT, Net Weight)
Production	100,000	100,000	110,000	0	0	100,000	0	0	85,000	(MT, Net Weight)
Imports	4,000	4,000	4,929	0	0	5,311	0	0	6,000	(MT, Net Weight)
Total Supply	124,000	124,000	134,929	0	0	135,311	0	0	126,000	(MT, Net Weight)
Exports	55,000	55,000	44,647	0	0	44,351	0	0	45,000	(MT, Net Weight)
Domestic Consumption	49,000	49,000	60,282	0	0	55,960	0	0	41,000	(MT, Net Weight)
Ending Stocks	20,000	20,000	30,000	0	0	35,000	0	0	40,000	(MT, Net Weight)
Total Distribution	124,000	124,000	134,929	0	0	135,311	0	0	126,000	(MT, Net Weight)

SOURCE: Post estimates / industry sources.

**Commodities:**

Pears, Canned

**Production:**

Total Spanish 2010/11 pear crop is estimated at 483,300 MT, 11 percent higher than during the previous year. The Spanish canned pear production in MY 201/11 is estimated at 16,000 MT, similar figure to previous year.

**Trade:**

<b>Spain: Spanish imports of canned pears</b>				
	MY 2008		MY 2009	
Partner Country	Quantity (MT)*	USD	Quantity (MT)*	USD
China	2,679	2,376,550	2,823	2,396,748
Germany	377	998,513	526	1,404,893
South Africa	32	67,366	513	651,988
Italy	268	316,664	256	318,441
France	47	145,757	105	166,473
Netherlands	54	130,671	81	222,313
United States	0	0	0	0
Others	85	196,552	141	295,536
World	3,542	4,232,073	4,445	5,456,392

Source: Global Trade Atlas (GTA)

<b>Spain: Spanish exports of canned pears</b>				
	MY 2008		MY 2009	
Partner Country	Quantity (MT)*	USD	Quantity (MT)*	USD
France	4,795	7,894,595	4,993	6,904,096
Portugal	801	764,543	1,126	1,113,115
United Kingdom	662	1,477,643	798	1,806,009
Germany	1,186	2,350,246	657	1,490,915
Angola	91	130,065	610	1,000,849
Belgium	554	1,055,363	399	972,125
United States	320	873,936	175	487,078
Others	2,625	5,072,585	2,221	4,645,155
World	11,034	19,618,976	10,979	18,419,342

Source: Global Trade Atlas (GTA)

<b>Spain: Spanish imports of canned pears (MT*)</b>			
<b>Imports for:</b>	<b>2009</b>		<b>2010</b>
<b>U.S.</b>	<b>0</b>	<b>U.S.</b>	<b>0</b>
Others		Others	
China	2,823	China	3,000
Germany	526	Germany	600
South Africa	513	South Africa	500
Italy	256	Italy	300
France	105	France	200
Total for Others	4,223	Total for Others	4,600
Others not Listed	222	Others not Listed	400
<b>Grand Total</b>	<b>4,445</b>	<b>Grand Total</b>	<b>5,000</b>

Source: GTA/FAS estimates

<b>Spain: Spanish exports of canned pears (MT*)</b>			
<b>Exports for:</b>	<b>2009</b>		<b>2010</b>
<b>U.S.</b>	<b>175</b>	<b>U.S.</b>	<b>200</b>
Others		Others	
France	4,993	France	5,000
Portugal	1,126	U.K.	1,500
United Kingdom	798	Portugal	1,000
Germany	656	Belgium	800
Angola	610	Germany	600
Belgium	399	Netherlands	400
Total for Others	8,582	Total for Others	9,300
Others not Listed	2,222	Others not Listed	1,500
<b>Grand Total</b>	<b>10,979</b>	<b>Grand Total</b>	<b>11,000</b>

Source: GTA/FAS estimates

\*Metric Tons, net weight - Gross canned weight converted into net weight by application of a 0.83 conversion factor.

**Policy:**

Please refer to Canned Peaches – Policy.

**Production, Supply and Demand Data Statistics:**

Pears, Canned Spain	2008/ 2009			2009/ 2010			2010/ 2011			
	Market Year Begin: Jun 2008			Market Year Begin: Jun 2009			Market Year Begin: Jun 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Deliv. To Processors	18,000	18,000	20,000	0	0	18,000	0	0	18,000	(MT)
Beginning Stocks	3,000	3,000	3,000	0	0	5,000	0	0	6,000	(MT, Net Weight)
Production	15,000	15,000	18,000	0	0	16,000	0	0	16,000	(MT, Net Weight)
Imports	500	500	3,542	0	0	4,445	0	0	5,000	(MT, Net Weight)
Total Supply	18,500	18,500	24,542	0	0	25,445	0	0	27,000	(MT, Net Weight)
Exports	10,000	10,000	11,034	0	0	10,979	0	0	11,000	(MT, Net Weight)
Domestic Consumption	5,500	5,500	8,508	0	0	8,466	0	0	8,000	(MT, Net Weight)
Ending Stocks	3,000	3,000	5,000	0	0	6,000	0	0	8,000	(MT, Net Weight)
Total Distribution	18,500	18,500	24,542	0	0	25,445	0	0	27,000	(MT, Net Weight)

SOURCE: Post estimates / industry sources.

**Commodities:**

Peaches Puree

**Trade:**

<b>Spain: Spanish imports of peach puree</b>				
	MY 2008		MY 2009	
Partner Country	Quantity (MT)*	USD	Quantity (MT)*	USD
Germany	1,532	4,147,881	2,068	5,727,622
Costa Rica	1,857	1,139,782	1,710	1,126,405
Netherlands	1,189	1,437,939	1,612	1,773,802
France	1,102	5,107,697	1,282	5,506,596
Ecuador	432	463,508	558	463,508
Turkey	403	2,749,492	510	2,749,492
United States	7	26,231	2	7,110
Others	1,717	4,076,925	2,472	5,599,768
World	8,239	19,149,455	10,214	22,954,303

Source: Global Trade Atlas (GTA)

<b>Spain: Spanish exports of peach puree</b>				
	MY 2008		MY 2009	
Partner Country	Quantity (MT)*	USD	Quantity (MT)*	USD
France	7,830	11,618,201	6,210	10,007,957
Netherlands	2,543	3,211,534	3,687	4,401,115
Portugal	2,617	6,636,978	2,829	63,93,227
Germany	3,949	4,661,242	2,412	2,497,663
United Arab Emirates	286	285,643	1,444	1,341,047
Saudi Arabia	639	544,420	1,280	1,128,878
United States	94	557,532	123	855,149
Others	8,226	14,226,792	6,532	2,722,494
World	26,184	41,742,342	24,517	22,954,303

Source: Global Trade Atlas (GTA)

<b>Spain: Spanish imports of peach puree (MT*)</b>			
Imports for:	2009		2010

<b>U.S.</b>	<b>2</b>	<b>U.S.</b>	<b>0</b>
Others		Others	
Germany	2,068	Costa Rica	2,000
Costa Rica	1,710	Germany	1,500
Netherlands	1,612	Netherlands	1,300
France	1,282	France	1,200
Guatemala	591	Brazil	1,000
Ecuador	558	Ecuador	500
Turkey	510	Turkey	400
Total for Others	8,331	Total for Others	7,900
Others not Listed	1,880	Others not Listed	3,100
<b>Grand Total</b>	<b>10,213</b>	<b>Grand Total</b>	<b>11,000</b>

Source: GTA/FAS estimates

<b>Spain: Spanish exports of peach puree (MT*)</b>			
<b>Exports for:</b>	<b>2009</b>		<b>2010</b>
<b>U.S.</b>	<b>123</b>	<b>U.S.</b>	<b>300</b>
Others		Others	
France	6,210	France	6,500
Netherlands	3,687	Germany	4,000
Portugal	2,829	Portugal	3,000
Germany	2,412	Netherlands	2,500
U.A.E.	1,444	Italy	1,500
Saudi Arabia	1,280	U.K.	1,000
Italy	764	Saudi Arabia	800
Iran	736	Iran	500
Total for Others	19,362	Total for Others	19,800
Others not Listed	5,032	Others not Listed	5,900
<b>Grand Total</b>	<b>24,517</b>	<b>Grand Total</b>	<b>26,000</b>

Source: GTA/FAS estimates

\* Metric Tons, net weight - Gross canned weight converted into net weight by application of a 0.83 conversion factor.

### **Production, Supply and Demand Data Statistics:**

Peaches Puree, Canned Spain	2008/ 2009			2009/ 2010			2010/ 2011			
	Market Year Begin: Jun 2008			Market Year Begin: Jun 2009			Market Year Begin: Jun 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Deliv. To Processors	0	0	22,000	0	0	23,000	0	0	24,000	(MT)
Beginning Stocks	0	0	1,000	0	0	2,000	0	0	2,000	(MT, Net Weight)
Production	0	0	22,000	0	0	23,000	0	0	24,000	(MT, Net Weight)
Imports	0	0	8,239	0	0	10,214	0	0	11,000	(MT, Net Weight)
Total Supply	0	0	31,239	0	0	35,214	0	0	37,000	(MT, Net Weight)
Exports	0	0	26,184	0	0	24,517	0	0	26,000	(MT, Net Weight)
Domestic Consumption	0	0	3,055	0	0	8,697	0	0	9,000	(MT, Net Weight)
Ending Stocks	0	0	2,000	0	0	2,000	0	0	2,000	(MT, Net Weight)
Total Distribution	0	0	31,239	0	0	35,214	0	0	37,000	(MT, Net Weight)

SOURCE: Post estimates / industry sources.