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EU-27

Fresh Deciduous Fruit Annual

Good Prospects for EU-27 Apple and Pear Production

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Report Highlights:

Favorable weather conditions in major producing EU member states during the growing season will lead to an 8 percent increase in the production of apples and a 12 percent increase in pears in marketing year (MY) 2011/12. Total MY 2011/12 EU-27 apple production is estimated at 11.8 million metric tons (MMT) and pear production at 120,000 MT. Table grape production is expected increase 1 percent to 1.9 MMT. The production of concentrated apple juice is forecast to increase by 25 percent.

Executive Summary:

Introduction

Disclaimer: This report presents the situation and outlook for apples, pears, concentrated apples juice (CAJ), and table grapes in the EU-27. This report presents the views of the authors and does not reflect the official views of the U.S. Department of Agriculture (USDA). The data are not official USDA data.

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Abbreviations and definitions used in this report

CAJ	Concentrated Apple Juice
CMO	Common Market Organization
EU	European Union
GTA	Global Trade Atlas
Ha	Hectare; 1 ha = 2.471 Acres
MT	Metric Ton = 1000 kg
MMT	Million Metric Tons
MS	EU Member State(s)
MY	Marketing year
Apples:	July/June
Pears:	July/June

CAJ: July/June
Table Grapes: June/May

NMS New EU Member States
Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta,
Poland, Romania, Slovakia, Slovenia
NR Non reconstituted juices
Operational Program
United Arab Emirates
USD U.S. Dollar
WAPA World Apple and Pear Association

Trade data cited in this report was derived by using the following HS tariff codes:

Apples: 0808 10
Pears: 0808 20
CAJ: 2009 79
Table grapes: 0806 10 10

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Executive Summary

Coordinated by Roswitha Krautgartner/FAS Vienna

Production

The EU-27 is a world leader in fresh deciduous fruit production. Favorable weather conditions in major producing EU member states during the growing season will lead to an 8 percent increase in the production of apples and a 12 percent increase in pears in marketing year (MY) 2011/12. The increased apple production, including non-commercial production, of about 11.8 MMT is largely due to an increase in Polish production, and increases in the Netherlands, Germany, France, Spain, Italy, and Austria. In contrast, Hungary suffered from severe frost damage and reported 35 percent lower production. The major pear producing countries, Italy, Spain, and the Netherlands, expect higher production in MY 2011/12. Only Belgium reports pear production similar to last year, in part due to hail and storm damage. Overall EU-27 pear production is expected to reach about 120,000 MT. Total table grapes production is expected to slightly increase by 1 percent and will reach about 1.9 MMT. After a 12 percent decline in concentrated apple juice (CAJ) production in MY 2010/11, CAJ production in MY 2011/12 is forecast to increase by about 25 percent to 522,000 MT. This is mainly the result of a rebound in German production.

Consumption and Trade

Apples are the most popular fruit in the EU-27, followed by bananas, citrus, and pears. Due to higher availability, a slight increase in consumption of both apples and pears is expected in MY 2011/12. Due to higher expected exports from Poland, France, Italy, and the Netherlands, total apple exports in MY 2011/12 will rebound. Top destinations for EU-27 apples are Russia, Ukraine, and Algeria. The good availability of locally produced pears is expected to lead to somewhat lower imports and just a 2 percent increase in exports. Leading export markets for EU-27 pears are Russia, Brazil, and Norway. Total EU-27 table grape consumption has been rather stable in recent years. Consumption of concentrated apple juice is trending down because of growing competition from other soft drinks, such as ready-to-drink teas, functional drinks and energy drinks.

Policy

In June 2010, Russia issued a law amending its maximum levels for pesticide residues (MRLs) as some of the Russian MRLs were excessively strict. The new law provides more favorable conditions for EU exporters of vegetables and fruits.

The European school fruit scheme (SFS), which was introduced to reverse declining consumption trends for fruits and vegetables, has entered its third year. After this year the system will be reviewed. The main beneficiaries in 2011/12 are France, Italy, Germany, Romania, and Poland.

Apples

Coordinated by Sabine Lieberz/FAS Berlin

Table 1: EU-27 PSD for Fresh Apples (in ha, trees, MT)

Apples, Fresh EU-27	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	534,145	523,140	528,930	516,730		511,400
Area Harvested	500,017	485,550	495,390	480,630		477,200
Bearing Trees	0		0			
Non-Bearing Trees	0		0			
Total Trees	0	0	0	0		0
Commercial Production	11,105,636	10,932,871	9,455,000	9,691,071		10,472,000
Non-Comm. Production	1,104,880	1,088,417	1,229,800	1,197,893		1,362,000
Production	12,210,516	12,021,288	10,684,800	10,888,964		11,834,000
Imports	593,693	595,944	710,000	614,173		635,000
Total Supply	12,804,209	12,617,232	11,394,800	11,503,137		12,469,000
Fresh Dom. Consumption	8,197,755	8,071,054	7,467,800	7,663,036		7,829,700
Exports	1,216,934	1,217,352	1,200,000	1,090,306		1,527,600
For Processing	3,389,520	3,328,826	2,727,000	2,749,795		3,111,700
Withdrawal From Market	0		0			
Total Distribution	12,804,209	12,617,232	11,394,800	11,503,137		12,469,000

HA, 1000 TREES, MT

Note: Data for tree numbers is only available for few member states; therefore lines referring to tree numbers are left blank.

Source: FAS EU-27

Apples – Production

Apples - Commercial Production

The EU-27 is one of the leading producers and consumers of apples in the world. Poland, Italy, France, Germany, and Spain are the top five producing member states (MS) and together account for 77 percent of the total EU commercial apple production. Some 25 varieties are produced commercially in the EU in volumes exceeding 10,000 MT. Among these, *Golden Delicious*, *Gala*, and *Jonagold* are the dominant varieties. However, production patterns vary. While *Golden Delicious* is the variety with the largest production in Italy, France, and Spain, *Elstar* is dominant in Germany and the Netherlands; *Idared* and *Jonathan* are the number one varieties in Poland and Hungary, respectively. However, new varieties, for example *Pink Lady*, *Kanzi*, *Rubens*, *Tentation*, have increased their share of production in recent years. In the Netherlands “new” varieties comprise 10 percent of total production.

Commercial apple production in MY 2011/12 is estimated at 10.5 MMT. However, this estimate is still provisional since the harvest is still ongoing in some of the major production regions. This estimate is 2.5 percent more than what was projected in August by WAPA and 8 percent higher production compared to MY 2010/11. The increase compared to the previous MY is largely due to a 34 percent increase in the Polish production, and increases in the Netherlands, Germany, France, Spain, Italy, and Austria, who all benefitted from good growing conditions with little or no frosts and sufficient water supply. In contrast, Hungary suffered from severe frost damage and reported a 35 percent or 100,000 lower production. Substantial hail damage was reported in Belgium and Italy.

The increase compared to the August WAPA estimate is a result of larger fruit size. Harvest began one to three weeks earlier than in the long-term average.

Table 2: EU-27 Commercial Apple Production by Country and Year in MT

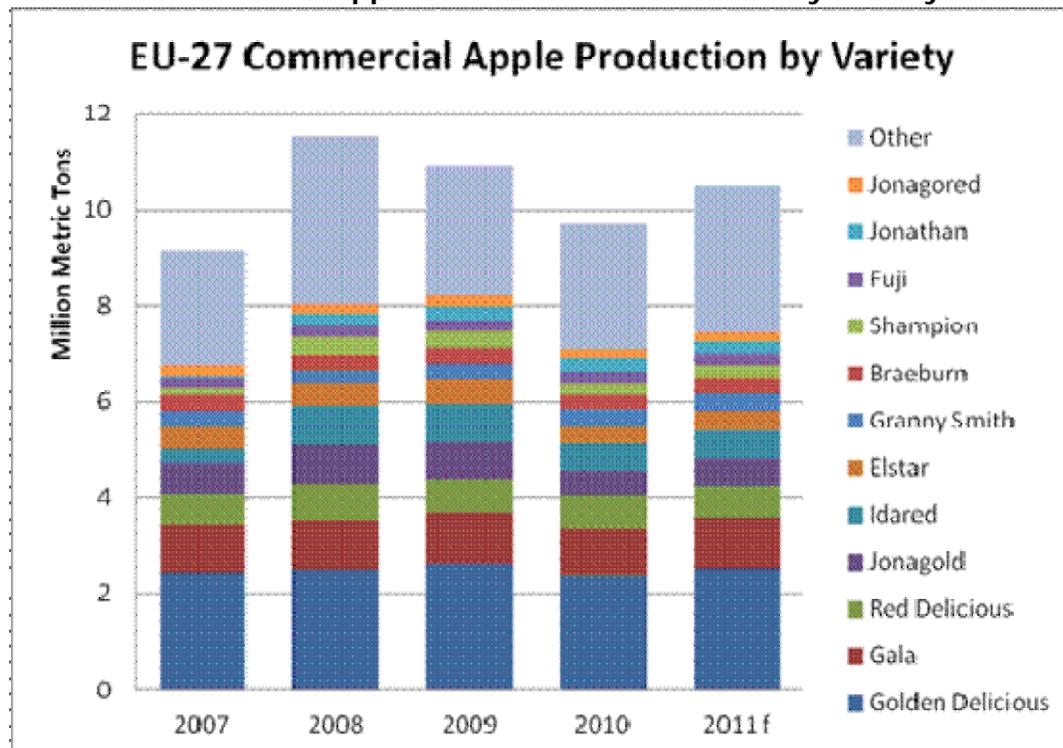
COUNTRY	2009	2010	2011e	Change 2011:2010 in Percent	Percent of Total Production
Poland	2,593,000	1,850,000	2,470,000	34%	24%
Italy	2,237,278	2,179,615	2,221,000	2%	21%
France	1,730,000	1,693,000	1,752,000	3%	17%
Germany	1,071,000	835,000	896,000	7%	9%
Spain	601,800	636,100	684,700	8%	7%
the Netherlands	381,900	330,000	405,000	23%	4%
Romania	379,284	411,000	395,000	-4%	4%
Belgium	333,000	279,000	273,500	-2%	3%
Greece	224,000	254,000	245,000	-4%	2%
Austria	223,947	197,413	220,000	11%	2%
United Kingdom	212,000	214,000	219,000	2%	2%
Hungary	324,000	295,000	193,000	-35%	2%
Portugal	196,116	164,731	170,000	3%	2%
Slovenia	72,587	65,000	73,000	12%	0,7%
Czech Republic	144,993	103,000	66,000	-36%	0,6%
Lithuania	74,000	46,000	60,000	30%	0,6%
Slovak Republic	37,698	32,215	32,800	2%	0,3%
Bulgaria	21,000	29,235	29,000	-1%	0,3%
Denmark	21,000	21,000	21,000	0%	0,2%
Sweden	21,000	23,500	18,000	-23%	0,2%

Ireland	16,000	16,000	16,000	0%	0,2%
Latvia	13,000	12,000	8,000	-33%	0,1%
Finland	4,268	4,262	4,000	-6%	0,0%
TOTAL EU-27	10,932,871	9,691,071	10,472,000	8%	100%

e= estimated

Source: FAS/EU-27

Chart 1: Commercial Apple Production in the EU-27 by Variety and Year in 1,000 MT



Note: Category "Other" includes but is not limited to: *Annurca, Ariane, Belgica, Boskoop, Bramley, Cameo, Cortland, Cox Orange, Cripps Pink, Diwa, Glockenapfel, Gloster, Gravensteiner, Greenstar, Honey crunch, Ingrid Marie, James Grieve, Jazz, Junami, Kanzi, Lobo, Mariac, Morgenduft, Pinova, Reinette Grise du Canada, Rubens, Tentation, Topaz, Wellant*
Source: FAS/EU-27, based on data from WAPA

Apples - Non-Commercial Production

Non-commercial production in MY 2011/12 is estimated at 1.4 MMT, which is 14 percent higher than in MY 2010/11. This is largely a result of a substantial rebound in production in Germany (an increase of 50 percent compared to MY 2010/11) that is only partially offset by a decline in Hungary (a decrease of 45 percent).

However, most EU member states do not report estimates for non-commercial production (e.g., private gardens or meadows). As a result, the production figure provided in table 1 is a very rough estimate which is based on industry rather than official information. Non-commercial production tends to alternate between good and poor crop years (For background please refer to page 7 of [E48163](#)).

Typically, non-commercial production is used for fresh consumption, apple juice and spirits production, baking (cakes, tarts) or preserved foods (canned, dried, and cooked). The amount

of apples diverted to the different segments varies depending on the price for processing apples. Higher processing apple prices generally result in a higher proportion of fruit entering juice production. In general, non-commercial production is gradually decreasing in the EU-27 as hobby farmers get older. Younger generations have simply not shown the same interest in small-scale production. Instead, commercial production of higher acid apple varieties for processing is expected to increase to meet demand from the CAJ industry.

Apples - Stocks

According to WAPA, EU stocks of apples amounted to 210,217 MT on July 1, 2011, compared to 287,958 MT at the same time in 2010. Reporting of stocks varies by MS. In some MS the stock number comprised apples stored at producer organizations (POs), in some MS stocks are at POs and wholesalers. More important than the actual number is the year-on-year-change of stocks, as end of MY stocks can have a detrimental effect on the prices for the new harvest. In this report, stocks are included in the "fresh domestic consumption" line of the PSD.

Apples – Consumption Consumer Preferences

Apples are the most popular fruit in all MS, followed by bananas and citrus. Spain is the only exception to this. Spanish consumers put apples second, behind oranges. However, a closer look within the apple segment shows differences in consumer preferences between MS. For information on variety and size preferences by MS please refer to page 9 of [E48163](#).

In Hungary, consumption of fresh table apples is slowly decreasing. Annual per-capita-consumption decreased by more than 4 kilogram during the last five years. The reduction is partly attributed to increased fruit sales at hypermarkets, where good availability and price competition from other kinds of fruit offer consumers attractive alternatives.

The movement to buy local and in season produce has gained traction in some MS such as the UK, Belgium, the Netherlands, and Austria and to some extent in Germany and France. To the British, apples are an iconic local produce that conjure up nostalgia for traditional harvests and days gone by. In the UK, the strong demand for local produce has resulted in an increase in the share of domestically produced apples in recent years, from 25 percent in 2003 to 40 percent in 2010. Potentially, the UK could increase domestic production to 50 percent of consumption. The market is also responding to policy drivers on food security, climate change, and health. Discussions about a product's 'carbon footprint' are prompting Dutch and Belgian consumers to choose local over imported product. In Germany, this movement is associated with consumers who buy at farmers markets. They tend to prefer local produce over products from other countries and even over products from other regions in Germany.

Processing

In MY 2011/12, processing use of apples is expected to increase compared to MY 2010/11 because of higher non-commercial apple production (especially in Germany, Austria, Slovenia, and Poland), low quality of apples in the Czech Republic due to extensive frost damage, and substantial hail damage in most regions of Europe.

Processing uses for apples include, among others apple juice, concentrated apple juice (CAJ), cider, wine/brandy, apple sauce, preserves, canning, apple chips, and peeled apples for bakeries. The share of apples used for processing varies significantly from MS to MS; ranging from 2 percent in France to well over 60 percent in Hungary. The processing share also varies from year to year. The EU-27 average share of apples going into processing is forecast to amount to about 23 percent of total supply in MY 2010/11. Major MS with apple processing include Poland, Germany, Hungary, Italy, Romania, Spain, the Netherlands, and the U.K. (in

order of descending volumes).

Apples – Trade

The majority of trade occurs within the EU-27 countries. Over the past five years, an average about 2.2 million MT of apples were traded between EU member states, while roughly 800,000 MT were imported from outside the EU-27. In recent years, imports contributed to between 5 and 8 percent of the total apple supply on the EU market.

EU-27 External Trade

Imports

The increase of imports in MY 2010/11 is a result of higher table apple imports from the Southern Hemisphere and higher must apple imports from Serbia and Croatia. For MY 2011/12 EU imports are forecast to increase moderately. Almost 90 percent of EU-27 apple imports originate from the top five suppliers, all of which are located in the southern hemisphere and export mostly during the European off-season. The main importers of apples are the Netherlands and the U.K., who together account for more than half of the EU-27 imports. However, much of the volume entering the Netherlands will not be consumed there but eventually be transshipped to other MS.

Increased imports of processing apples, mainly from Croatia, Serbia, Macedonia, and Moldova, and partly a result of high EU prices for processing apples. In addition, Serbia and Croatia enjoy a preferential, zero duty tariff rate quota for exported industrial apples to Hungary between September–December.

U.S. apple exports to the EU-27 occur year-round; however, most arrive between November and April. U.S. apples compete with domestic production and with competitively priced imports from China. For example, the average import price for U.S. apples in MY 2010/11 was 1,516 USD per MT, while Chinese apples were imported at 1,302 USD per MT (source: GTA). The main importers of U.S. apples in MY 2010/11 were the U.K., Finland, Sweden, the Netherlands, and Ireland. EU imports of U.S. apples decreased by 49 percent compared to MY 2009/10 mainly due to the enforcement of EU food additive legislation. Morpholine, a carrier for glazing agents applied to fruit, is approved for use in third countries such as Chile, the USA and Canada, but not in the EU. The U.S. industry has now taken steps to ensure that fruit destined for the EU does not have any trace of morpholine.

Table 3: EU-27 Imports of Apples in MT

Country of Origin	MY 2008/09	MY 2009/10	MY 2010/11	Change
Chile	214,843	161,961	177,900	10%
New Zealand	163,066	126,958	144,481	14%
South Africa	170,193	121,588	120,348	-1%
Argentina	63,149	46,425	52,186	12%
Brazil	92,626	71,486	42,203	-41%
Macedonia	14,885	13,920	17,961	29%
Croatia	2,524	6,008	13,783	129%
Serbia	218	2,198	12,059	449%
United States	26,854	23,643	11,998	-49%
China	24,724	14,137	5,644	-60%
Moldova	210	1,972	5,141	161%
Uruguay	2,369	1,918	4,729	147%
Canada	1,212	1,387	1,221	-12%
Switzerland	680	731	1,157	58%

Bosnia & Herzegovina	0	298	972	226%
Ukraine	756	735	729	-1%
Other	1,809	579	1,661	187%
World Total	780,118	595,944	614,173	3%
Thereof processing apples	7,925	9,743	40,119	312%

Source: Global Trade Atlas (GTA)

Exports

GTA data suggests that the decrease in total EU-27 apple exports in MY 2010/11 was largely a result of decreased exports from Poland to the Ukraine and Russia, which were not compensated by larger exports from Spain and Italy to the Ukraine and Italy and Belgium to Russia.

The largest increases in exports were achieved to Egypt (from Italy, and to a lesser extent from Greece), Turkey (from Greece), and Iran (from France and Italy). For MY 2011/12 exports are expected to rebound with Poland, France, Italy, and the Netherlands increasing sales. French exports are expected to continue to grow significantly, with exports to Algeria, Russia, Saudi Arabia, UAE and Malaysia becoming significant importers of French apples. Italian exports are forecast to increase towards new areas such as North Africa (Egypt, Algeria and Libya) and Mid-East countries (UAE, Kuwait, Saudi Arabia, Iraq, Iran, Lebanon). In addition, Polish and German industry sources expect steep increases in Polish exports, is due to better quality and substantially higher export volumes out of Poland compared to last year. The top destinations for EU-27 apples are Russia, Ukraine, and Algeria. The largest EU exporters are Poland (mostly to Russia and Ukraine), France (mainly to Algeria, Russia, UAE, and Saudi Arabia), and Italy (to Russia, Libya, Norway, and Saudi Arabia).

In some large foreign markets, EU and U.S. suppliers compete; including:

Russia: Poland, Italy, Belgium, France, and Germany

UAE: France, Italy

Saudi Arabia: Italy, France

Table 4: EU-27 Exports of Apples in MT

Country of Destination	MY 2007/08	MY 2008/09	MY 2009/10	Change
Russia	587,704	524,633	500,829	-5%
Algeria	75,614	88,949	92,327	4%
Ukraine	258,974	255,735	84,636	-67%
Belarus	43,802	41,064	44,953	9%
Saudi Arabia	19,922	34,713	36,669	6%
Libya	23,881	34,358	35,526	3%
Norway	32,663	35,068	33,329	-5%
United Arab Emirates	14,344	24,995	27,026	8%
Kazakhstan	12,754	30,918	23,605	-24%
Turkey	5,833	5,967	22,509	277%
Egypt	1,214	2,862	21,286	644%
Albania	11,920	15,149	12,343	-19%
Morocco	8,207	12,727	10,775	-15%
Melilla	9,803	10,227	10,283	1%
Iran	2,910	2,747	10,242	273%
Other	92,975	97,240	123,968	27%
World Total	1,202,520	1,217,352	1,090,306	-10%

Source: Global Trade Atlas (GTA)

Apples – Withdrawal from Market

The reform of the EU common market organization for fruits and vegetables (see policy section) also brought about a change in the intervention system (also called “withdrawal from market”). Previously, a producer organization was allowed to dispose up to 8.5 percent of its marketed volume of apples through intervention programs. However, unlike other commodities, these volumes were not allowed to re-enter the market at a later stage. Instead, they had to be permanently “withdrawn from the market”, for example by donation to charity or be destroyed.

Since 2008, “withdrawal from market” is no longer available as a separate measure but has to be included as an emergency measure in the producer organizations’ operational program (OP). This means, the system moved from being financed entirely by EU funds to a co-financing system where producer organizations have to bear 50 percent of the costs.

As a consequence, from MY 2008/09, MS authorities began administering “withdrawals from market” indirectly via approval of the OP. Thus, volume data is no longer available. Also, some member states (for example Germany) have opted to do away with intervention for fruits and vegetables altogether.

Apples – Additional Information

For information on tariffs, maximum residue levels, and labeling requirements please see the respective sections at the end of the report.

Pears, Fresh

Coordinated by Marcel Pinckaers/FAS The Hague

Table 5: EU-27 PSD for fresh pears (in ha, trees, MT)

Pears, Fresh EU-27	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	135,930	133,506	136,241	135,373		135,765
Area Harvested	127,630	124,926	127,881	126,631		127,134
Bearing Trees						
Non-Bearing Trees						
Total Trees						
Commercial Production	2,605,200	2,596,336	2,185,000	2,283,068		2,555,930
Non-Comm. Production	148,460	155,445	119,700	112,832		120,400
Production	2,753,660	2,751,781	2,304,700	2,395,900		2,676,330
Imports	279,306	279,082	325,000	315,428		301,150
Total Supply	3,032,966	3,030,863	2,629,700	2,711,328		2,977,480
Fresh Dom. Consumption	2,396,148	2,400,000	2,165,567	2,204,000		2,360,286
Exports	311,758	313,527	300,000	347,106		354,774
For Processing	325,060	317,336	164,133	160,222		262,420
Withdrawal From Market	0	0	0	0		0
Total Distribution	3,032,966	3,030,863	2,629,700	2,711,328		2,977,480
HA, 1000 TREES, MT						

Note: Data for tree numbers is only available for a few MS; therefore lines referring to tree numbers are left blank.

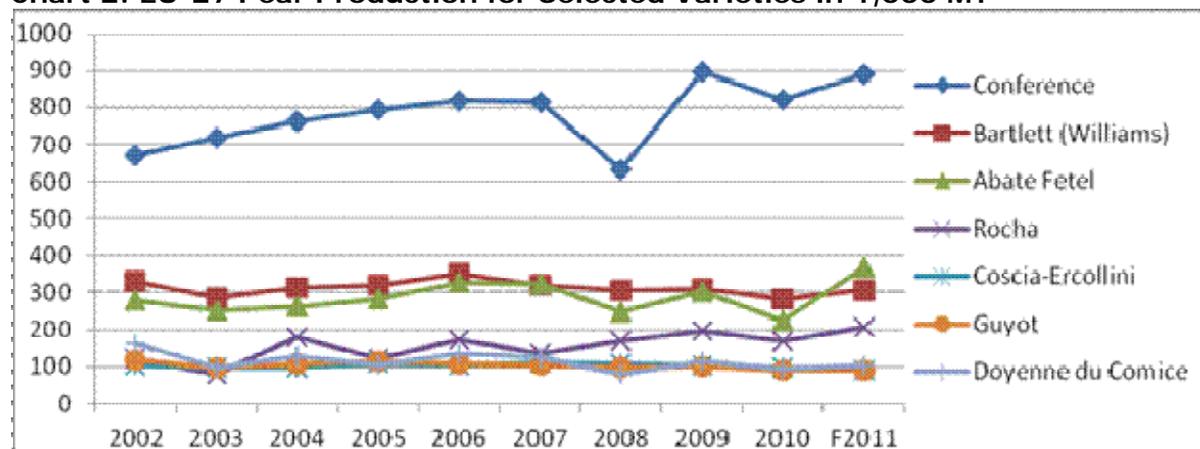
Source: FAS/EU-27

Pears – Production

Pears – Commercial Production

After China, the EU-27 is the world's largest producer of pears, followed by the United States and Argentina. Italy, Spain, the Netherlands and Belgium are the top four producing member states (MS) and together account for over three-quarter of total EU-27 commercial pear production. France and Portugal are the EU's 5th and 6th largest pear producing countries, respectively. The most produced pear variety continues to be *Conference*, mainly grown in Belgium, the Netherlands, Spain and Italy. Other popular varieties include *Abate Fetel* (grown in Italy), *William Bon Chrétien* (grown in Italy, France and Spain) and *Rocha* (grown in Portugal).

Chart 2: EU-27 Pear Production for Selected Varieties in 1,000 MT



Source: WAPA

Commercial pear production in MY 2011/12 is estimated at 2.6 MMT, up by 12 percent compared to MY 2010/11 but lower than MY 2009/10. This year's production is largely the result of higher production in Italy and to a lesser extent in the Netherlands and Spain.

Italy is the EU's largest pear producer, responsible for roughly a third of total production, with production concentrated in the North East region. Due to a rather stable area, Italy's increased production is attributed to excellent yields due to favorable weather conditions. As a result, however, the size of the pears is expected to be somewhat smaller than last year. Pear production in Spain is also expected to be up by 5 percent due to overall good weather conditions in the leading pear production areas Catalonia and Aragon. The quality of the main varieties, *Conference*, *Blanquilla*, *Williams* and *Limonera*, is expected to be good.

Pear production in the Netherlands is estimated to be near record, at 301,000 MT, mainly due to the warm spring and early blossoming. Belgium similarly expectation a good crop until August 18, 2011, when bad weather and hail damaged hundreds of hectares in the main production regions of Brabant and Limburg. Pear production in Belgium is expected to be similar to last year. France and Portugal are both expected to increase production and to have a better than average quality.

Table 6: EU-27 Commercial Pear Production by Country and Year

	MY 2008/09	MY 2009/10	MY 2010/11	MY 2011/12	Change 2011 against 2010 in Percent	Percent of Total Production
Italy	770,123	871,225	680,000	886,000	30%	34.7%
Spain	538,700	434,200	454,000	475,600	5%	18.6%
the Netherlands	163,400	285,950	258,990	301,000	16%	11.8%
Belgium	161,500	291,650	276,500	279,500	1%	10.9%
France	160,000	188,000	173,000	181,000	5%	7.1%
Portugal	195,090	249,109	176,870	180,000	2%	7.0%
Poland	65,500	75,000	56,000	60,000	7%	2.3%
Germany	38,000	52,000	38,895	48,000	23%	1.9%
Greece	51,000	43,000	54,000	47,000	-13%	1.8%
United Kingdom	29,000	30,000	33,000	26,000	-21%	1.0%
Romania	19,725	24,000	20,000	24,000	20%	0.9%
Hungary	22,000	30,000	21,000	21,000	0%	0.9%
Other	23,384	31,064	40,813	26,830	-37%	1.1%
Total Production	2,237,422	2,605,198	2,283,068	2,555,930	12%	100%

Source: FAS/EU-27

Pears – Non-Commercial Production

Non-commercial production in MY 2011/12 is estimated at 120,400 MT. Similar to the situation for apples, the non-commercial production of pears includes gardens and meadows and is mainly used for fresh consumption or further processing for domestic use. Non-commercial production figures for pears are especially large in Austria, Czech Republic, Romania and Slovakia compared to total production figures. For the EU as a whole, non-commercial production represents about 4.5 percent of total pear production but is overall gradually decreasing in the European Union, as hobby farmers get older and the younger generations do not show the same level of interest.

Pears – Consumption

Pears are popular throughout the EU although apples, oranges and bananas continue to lead fresh fruit consumption. The per capita consumption of pears is high in those countries that have a large pear production like Italy, Spain, the Netherlands, Belgium, Portugal and France. The Nordic (except for Denmark) and Central and Eastern European countries have, in general, a lower per capita consumption of pears. On the MS level, the most popular pear varieties are those that are locally or regionally grown. The *Conference* pear variety and to a lesser extent the *Doyenne du Comice* variety still dominate pear consumption in for instance North West Europe, while *Williams Bon Crétien* and *Abate Fetel* are popular pears in Spain and Italy.

The varieties that keep well, e.g. *Conference*, are normally speaking year round available. Other varieties, like *Doyenne du Comice*, are available after harvesting and complemented by imports of *Bon Chrétien Williams* and *Packham* from Southern Hemisphere countries later in the marketing year.

Health, variety and convenience have become important deciding factors for consumers when buying products. Pears are increasingly used in salads, cooking and snacks consumption. The industry tries to benefit from this trend through product innovation.

Pears - Processing

In MY 2011/12 it is expected that the volume of pears that will be used for processing will be around 260,000 MT mainly due to high volumes for processing in Italy.

Pears – Trade

The majority of the pear trade occurs within the EU-27. Over the past 5 years, roughly 800,000 MT of pears were imported from other MS, while on average 330,000 MT were imported from third countries, accounting for 30 percent of the total pear supply on the EU-27 market.

EU-27 External Trade

Imports

For MY 2011/12, imports are expected to be somewhat lower compared to MY 2010/11. It is expected that there will be sufficient locally produced pears available, although EU-27 pear imports contain different varieties and therefore serve, to a certain extent, different market segments.

The main EU-27 importing countries continue to be the Netherlands and Italy, together responsible for two-third of EU-27 pear imports. Much of the volume entering the Netherlands and Belgium will ultimately be shipped to other MS.

Table 7: EU-27 Imports of Pears in MT

Country of Origin:	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11
Argentina	156,765	164,349	107,036	138,654
South Africa	103,540	128,302	100,067	108,305
Chile	54,604	60,717	43,490	45,222
China	21,870	20,869	15,494	11,580
Turkey	4,711	8,658	5,050	5,081
Unites States	4,957	6,306	3,458	2,782
Uruguay	1,425	1,273	1,575	1,332
New Zealand	2,167	2,079	1,627	1,255
Other	1,654	1,368	1,285	1,217
World Total	351,693	393,921	279,082	315,428

Source: Global Trade Atlas

Around three quarter of the EU-27 pear imports comes from Argentina and South Africa. Chile is the EU's third largest supplier of pears. Trade with these three countries takes place primarily between February and July and complements the varieties that are available within the EU. The most popular imported varieties include *Williams Bon Crétien*, *Packham* and *Anjou*.

Other trade partners include China, Turkey (mainly quinces) and the United States. U.S. pear exports to the EU-27 usually occur between November and February. Industry contacts indicate good market prospects for U.S. pears in January and February. In these months they compete with domestically grown pears. Consumer demand is strong for U.S. *Anjou* pears and especially in the German market. Price however continues to be the main challenge in this price sensitive market.

Exports

For MY 2011/12, exports are forecast to increase by 2 percent compared to MY 2010/11

because of the estimated higher availability. The main EU-27 exporting countries continue to be Belgium and the Netherlands, together responsible for almost 60 percent of EU-27 pear exports. Other leading exporters include Spain and Portugal. The leading export market for EU-27 pears is by far Russia, responsible for almost 70 percent of total pear exports. Brazil and Norway are EU's respectively 2nd and 3rd largest markets.

Table 8: EU-27 Exports of Pears in MT

Country of Origin:	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11
Russia	198,893	152,575	218,495	238,981
Brazil	10,118	9,802	25,584	29,085
Norway	24,745	21,247	20,849	19,431
Belarus	6,003	3,453	5,034	7,466
Switzerland	4,160	7,836	4,517	6,020
Morocco	1,048	1,956	3,098	5,043
Ukraine	4,450	3,707	2,604	4,298
Melilla	2,675	1,810	2,487	3,311
Other	22,850	21,510	30,859	33,471
World Total	274,942	223,896	313,527	347,106

Source: Global Trade Atlas

Russia is increasingly an important market for Belgium (Conference pear) and to a lesser extent the Netherlands, Spain, Poland, France and Portugal. With higher expected pear production in the EU-27 in combination with a growing demand for fresh fruit in Russia, EU-27 exports to Russia for MY 2011/12 are expected to be up by an estimated 1 to 2 percent compared to MY 2010/11. EU-27 exports start directly after harvesting and run until the summer. EU exports face competition as of late February/early March from pears from Southern Hemisphere countries.

Although Brazil's pear imports overall largely depend on Argentina, Portugal is the country's second largest supplier of pears (Rocha variety). Brazil imports year round; although imports from Argentina seem to slow down as imports from Portugal start, which occurs between September and February. Brazilian consumers prefer varieties like *Anjou* and *Bartlett* (Williams). Norway's pear suppliers are the Netherlands and Belgium (Conference variety).

Since the agreement between China and Belgium, see GAIN [E50067](#), exports of Belgian pears to China have gone up from 34 MT in MY 2009/10 to over 300 MT in MY 2010/11. EU-27 exports are expected to continue to grow, albeit at a slower pace, in MY 2011/12 if more regions within the EU become approved to ship to China and since consumption of fresh pears is growing. However it is also important to note that on the Chinese market EU pears (Conference variety) are considered expensive compared to locally produced pears.

Pears - Prices

Because of the estimated higher availability resulting from increased production this year, prices are under pressure.

Pears – Withdrawal from market

The situation is the same as with apples. Please refer to the respective paragraph in the section of this report for detailed information.

Pears – Additional Information

For information on tariffs, maximum residue levels, labeling requirements please see the

respective sections at the end of the report.

Concentrated Apple (CAJ) Juice

Coordinated by Ferenc Nemes/FAS Budapest

CAJ – Production

The seven largest apple juice concentrate (CAJ) producers of the European Union are Poland, Germany, Italy, Hungary, Spain, Romania, and Austria. They account for nearly all EU production. The forecast for EU-27 CAJ production is 522,000 MT for MY 2011/12, compared to and estimated 403,000 MT in MY 2010/11. Forecasts indicate a reduction of CAJ production in most EU MS in most MY 2011/12 except for Germany, where production is rebounding. Some of the reasons for the continuing decline, namely high production costs and decreasing market demand for CAJ in the EU, remain. However, international CAJ prices have increased rapidly since the fall of 2010 and large stocks impacting the industry earlier have been depleted.

A devastating frost in early May 2011, which hit several main producers, especially Poland and Hungary, is another main reason behind this year's production decline in some MS. Market prospects are good for table apples, and this is why crushing in parts of West Europe is stagnating. In Germany in contrast, CAJ production is expected to increase by 42 percent compared to the very low levels in MY 2010/11, as non-commercial apple production is estimated to be 50 percent higher than in the previous year.

Poor crushing apple availability and strong demand for table apples keep prices for industrial apple high. Low carryover stocks of concentrate in Europe this summer and increasing juice prices in China are harbingers of a continuation of high CAJ market prices for MY 2011/12 after prices bottomed out in MY 2009/10.

CAJ – Quality

A large portion of the raw material for CAJ production in Europe consists of high acid apples. This is partly because of the climate, as apples grown under cooler temperature develop higher acid content. The variety mix of the New Member States still contains high percentage of old varieties such as *Jonathan* and *Idared*. These varieties typically have a more sour taste compared to the "modern" table apple varieties dominating the variety mix in other countries. Apples, pears, and grapes are close substitutes for multi-fruit and sparkling juices. Apple juice concentrate prices fluctuate with the level of apple juice concentrate imports and the availability of grape juice concentrate in the market. In MY 2011/12, tight apple juice supplies and high prices may drive substitution to grape and pear juice concentrates. Additionally, tough economic times in some MS may turn consumers away from more expensive apple-based juices.

During the past several years, the EU food additive directive has given EU producers permission to use natural ingredients (citric acid) in order to achieve the more tart tastes preferred by customers.

Another major food quality issue worldwide and in the EU is the question of added sugar in beverages. The European Commission proposed, with strong support from the Environment and Food Safety Committee, to eliminate the option of adding sugar to fruit juice (including concentrates) and nectars. Proposals to the amendment call for the permission to use „without added sugar“ labels on these products for a transition period of five years to educate consumers. In case of nectars, other suggestions want to allow the use of sugar, honey, or sweeteners. In these cases, however, the additives should be listed on the label rather than

using the simple word „sweetened“.

CAJ – Consumption

Main user of CAJ is the fruit juice industry in apple or blended soft drinks. Consumption of fruit/vegetable juices decreased in most West European Countries as the market became saturated and competition from other soft drinks grew. The main competitors to fruit based beverages in developed markets are ready-to-drink (RTD) teas, functional drinks, and energy drinks. Some newer MS, however, still see growth due to lower initial per capita consumption levels. According to Euromonitor, fruit and vegetable juice sales in Western Europe decreased by 2.6 percent between 2005 and 2010 but sales in Eastern Europe grew by 17.4 percent during the same period.

The preference for apples vs. other fruits depends on the culture and availability. In Germany and Austria the leading flavor for pure juices is still apple. However, in the breakdown of the total category (juices, drinks etc.) orange overtook apple in Germany for the first time in 2009. See the changes of fruit juice consumption preferences in Germany between 2000-2010 at Table 9. The apple flavor is also popular in the juice consumption in the Netherlands (28 percent) and the UK (24.5 percent). Italy and Spain are strong producers and net exporters of CAJ but apple juice was only 5.7 percent and 4 percent of pure fruit juice sales in 2008, according to Euromonitor.

Table 9: Annual Per Capita Consumption of Select Juices and Fruit Drinks in Germany (in liter)

	2000	2005	2007	2008	2009	2010 ^p	% Change
Apple Juice	12.20	12.42	11.35	9.25	8.50	8.10	-4.7%
Orange Juice	9.53	8.93	8.32	8.00	9.00	8.65	-3.9%
Grape Juice	1.32	1.29	1.25	1.00	1.00	1.00	0.0%
Grapefruit Juice	0.39	0.36	0.36	0.30	0.30	0.30	0.0%
Pear Juice	0.18	0.25	0.26	0.25	0.20	0.20	0.0%
Vegetable Juice	0.96	1.35	1.35	1.20	1.20	1.20	0.0%
Citrus Nectar	7.75	7.26	7.20	8.00	6.50	6.50	0.0%
Other Juice/Nectar	8.31	8.18	8.21	9.40	10.30	10.30	0.0%
Total	40.64	40.04	38.30	37.40	37.00	36.25	-2.0%

p= preliminary

Source: VdF, Association of the German Fruit Juice Industry, Annual Report 2010, page 44.

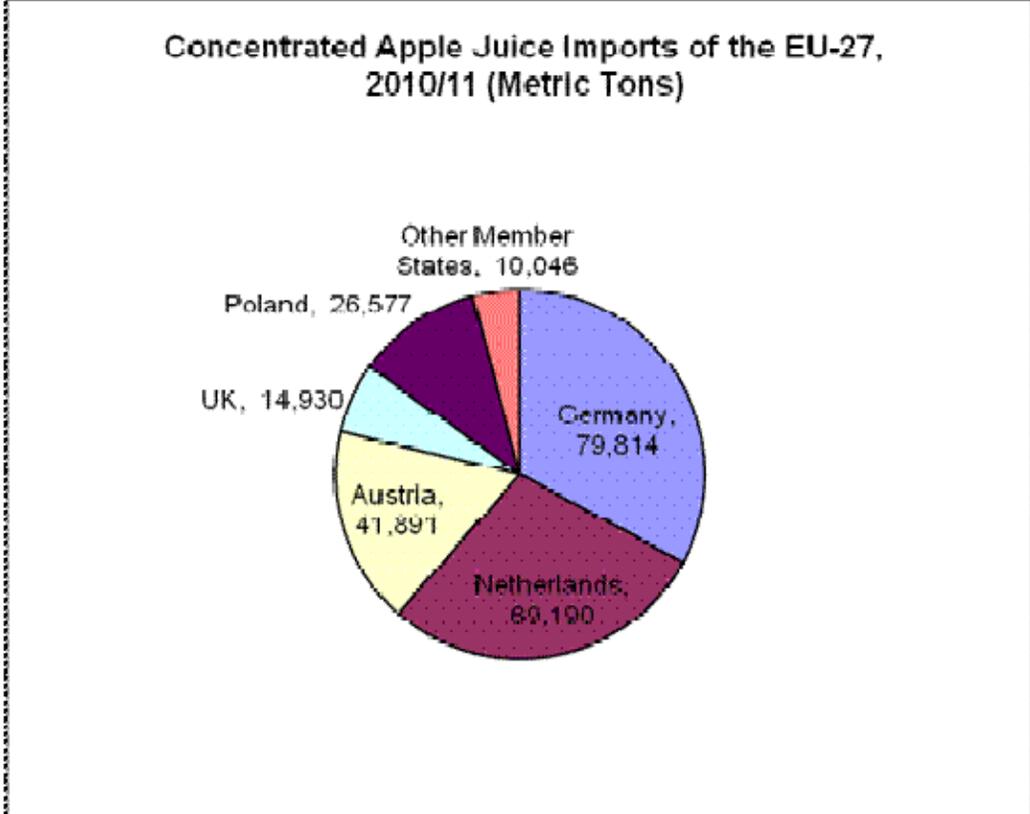
In the premium segment (100 percent juice, nectar) CAJ utilization is reduced by the growth of “non reconstituted” (NR) juices made of fruit. According to Euromonitor, sales of NR indicated double digit growth rate in the most quality conscious countries (Germany, the Netherlands, UK, Austria) while the consumption of fruit/vegetable juices as a whole declined. Home extraction of fruit juice, bars, and health food vendors offer new consumption “culture” on the basis of the all year availability of seasonal fruit. According to fruit juice association estimates, about 20 percent of German apple juice production is bottled directly, while 80 percent are further processed into CAJ.

CAJ – Trade

Of the EU-27 countries Germany, the Netherlands, Austria, and Poland were the biggest buyers in MY 2010/11 accounting for 33 percent, 29 percent, 17 percent, and 11 percent of the total imports, respectively. In the past, the EU was one of the largest apple juice concentrate importers in the world. In 2008 and 2009, the EU’s third country imports of CAJ decreased

considerably and the United States is now the biggest single import market.

Chart 3: EU-27 Concentrated Apple Juice Imports by Country



Source: FAS Budapest based on GTA data

China remained the dominant source of EU-27 CAJ imports in MY 2010/2011. However, China’s sales to the EU dropped in MY 2009/10 to 25 percent of their peak in MY 2006/07. Alternative CAJ import sources for the EU have emerged in the last two years. Sales from Turkey, Serbia, and Brazil increased in MY 2009/10 and MY2010/11. The Ukraine, and Moldova could stabilize their position among the five biggest suppliers to the shrinking EU market. Switzerland lost its major supplier position in the last marketing year due to its overvalued currency.

Table 10: Concentrated Apple Juice Trade of the EU-27

Concentrated Apple Juice Imports of the EU-27, 2009/10 and 2010/11				
Country	MY 2009/10		MY 2010/11	
	MT	US\$	MT	US\$
China	88,897	67,712,992	124,980	151,319,805
Turkey	35,061	34,834,066	54,616	93,523,632
Ukraine	31,704	16,279,088	19,211	25,456,061
Moldova	17,261	11,717,502	11,759	16,541,680
Chile	321	2,363,220	7,616	12,567,493
Serbia	1,980	318,695	6,020	11,419,914
Brazil	2,387	1,553,571	4,170	4,855,762
Iran	8,597	5,774,762	2,868	3,972,298
Argentina	693	1,194,022	2,726	3,819,297

Other Countries	18,636	13,081,000	8,482	13,280,000
Total Imports	205,537	154,828,918	242,448	336,755,942

Table 11: Concentrated Apple Juice Trade of the EU-27

Concentrated Apple Juice Exports of the EU-27, 2009/10 and 2010/11				
	MY 2009/10		MY 2010/11	
Country	MT	US\$	MT	US\$
Norway	9,018	11,422,695	9,343	16,702,847
Saudi Arabia	7,609	8,907,111	7,616	15,556,950
Japan	6,448	10,082,320	7,453	13,860,181
U.A. Emirates	2,552	3,209,326	2,403	4,403,171
Nigeria	20	1,923,345	1,982	2,476,873
Russia	1,320	1,753,830	1,344	2,097,040
Egypt	797	2,089,607	1,246	1,790,378
Other Countries	12,601	14,579,977	13,914	21,721,275
Total Exports	40,365	53,968,211	45,301	78,608,715
MT = Metric Tons				

Source: Global Trade Atlas

In the last years, China increased its CAJ exports to Russia and the USA the most. About half of China's CAJ is destined for the U.S. market. The revocation of anti-dumping process and the free access to the U.S. market since November 2010 contributed to the decline of China CAJ sales to the European Union in MY2010/11.

In MY 2011/12 the EU must face very low CAJ opening stocks, weak domestic production prospects, and increasing import demands according to industry sources. Limited availability of concentrate from China and high international market prices are also among the dark prospects for the coming season.

CAJ exports of the EU-27 are about 10 percent of its annual production. Export volumes are relatively stable, with some annual fluctuations. Major destinations of external sales remained Norway, Japan, Saudi Arabia, and other Gulf countries (see table 11). Sales to non-traditional CAJ export destinations increased most. Industry attributes this to the increase of demand in cheap fruit drink segment in some emerging Asian markets. Apple juice exports from the EU to the United States fell only to a few hundred MT in the last Marketing Year (2010/11) but the overall balance was still positive for the EU.

The volume of the extra-EU trade of Concentrated Apple Juice was nearly the same as the EU's internal trade turnover. In MY 2010/2011 the biggest net suppliers of the EU were (in 1,000 MT)

Poland	131.04
Hungary	53.74

Italy	40.43
Spain	27.26
Total	252.47

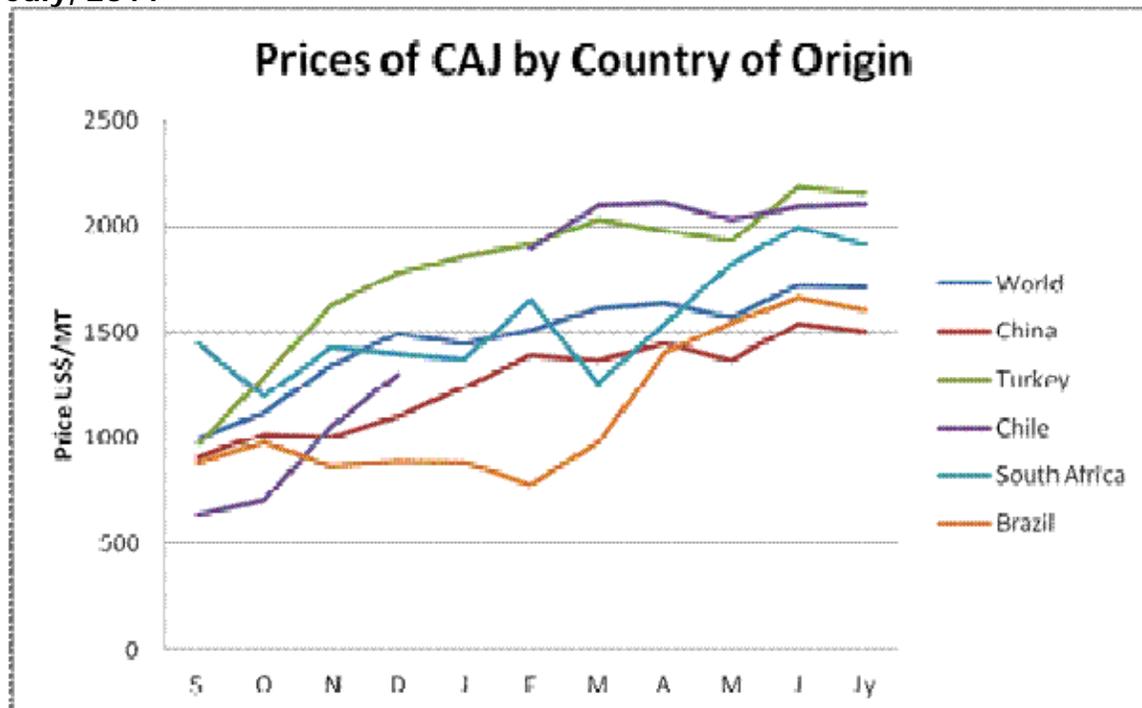
The largest net recipients of internal EU trade were

Germany	176.80
U.K.	70.36
Total	247.16

CAJ – Prices

Reduced demand for apple juice and abundant stocks eroded CAJ prices through MY 2009/10. Producer prices for industrial apples were depressed in that season (in Germany 4-6 € per 100 kg; in Hungary 6-8 € per 100 kg; in Poland 5-7 € per 100 kg reportedly) which made farmers leave a part of the crop un-harvested in many countries. By the summer of 2010 the situation started to change. Industry sources reported one third less carryover stocks of concentrate (about 65,000-70,000 MT) for the opening of MY 2010/11 and a mere 5,000 MT for MY2011/12. Crushing apple prices increased and so did international market prices for CAJ through MY 2010/11. Poor crop prospects from the EU and modest export forecasts for China accelerated the increase of concentrate prices in the second half of 2011.

Chart 4: Prices of CAJ imported to the EU-27 by country of origin September, 2010 – July, 2011



Source: Source: FAS Budapest based on GTA data

Table Grapes

Coordinated by Stefano Baldi/FAS Rome

Table 12: EU-27 PSD for Table Grapes (in ha, MT)

Grapes, Fresh EU-27	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jun 2009		Market Year Begin: Jun 2010		Market Year Begin: Jun 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	122,818	115,486	121,494	112,182		110,797
Area Harvested	115,695	112,301	114,553	108,056		107,223
Commercial Production	1,990,342	1,969,324	1,878,482	1,913,765		1,923,600
Non-Comm. Production	15,444	15,559	14,300	13,500		11,000
Production	2,005,786	1,984,883	1,892,782	1,927,265		1,934,600
Imports	563,556	568,084	590,000	542,973		555,000
Total Supply	2,569,342	2,552,967	2,482,782	2,470,238		2,489,600
Fresh Dom. Consumption	2,454,946	2,438,536	2,362,782	2,337,344		2,368,600
Exports	114,396	114,431	120,000	132,894		121,000
For Processing	0	0	0	0		0
Withdrawal From Market	0	0	0	0		0
Total Distribution	2,569,342	2,552,967	2,482,782	2,470,238		2,489,600
HA, MT						

Around 45 percent of total Bulgarian production (around 30,000 MT) is made of vine grape varieties used for fresh consumption only.

Source: FAS EU-27.

Table grapes – Production

The European Union is a world leader in table grape production, together with China (4.9 MMT) and Iran (1.8 MMT). At the same time, the EU is an importer of table grapes for fresh use. Most production is concentrated in Italy, Spain and Greece. These three together on average account for 90 percent of the total EU-27 production. After a dramatic drop in the past decade, EU table grape area continues to decline albeit at a slower pace. Reduced profitability due to increasing production costs and strong competition from other suppliers are the main factors behind the decline.

Table 13 – EU-27 Table Grapes Production by Country and Year ('000 MT)

	2009	2010	2011
Italy	1,341	1,361	1,348
Spain	251	239	292
Greece	193	165	132
Other EU MSs	199	163	163
Total	1,985	1,927	1,935

Source: FAS EU-27

EU-27 Table Grape Production

Total EU-27 table grape production in MY 2011/12 is estimated at about 1.9 MMT, which is 1 percent more than last marketing year. The slight increase is mainly due to a larger harvest expected in Spain which will offset the production drop in Greece, while the Italian production will likely remain stable. MY 2011/12 table grape prices are lower than the previous year mainly due to increased competition from extra-EU countries such as Egypt and Morocco. These countries generally export early seedless varieties to the EU-27 in May and June.

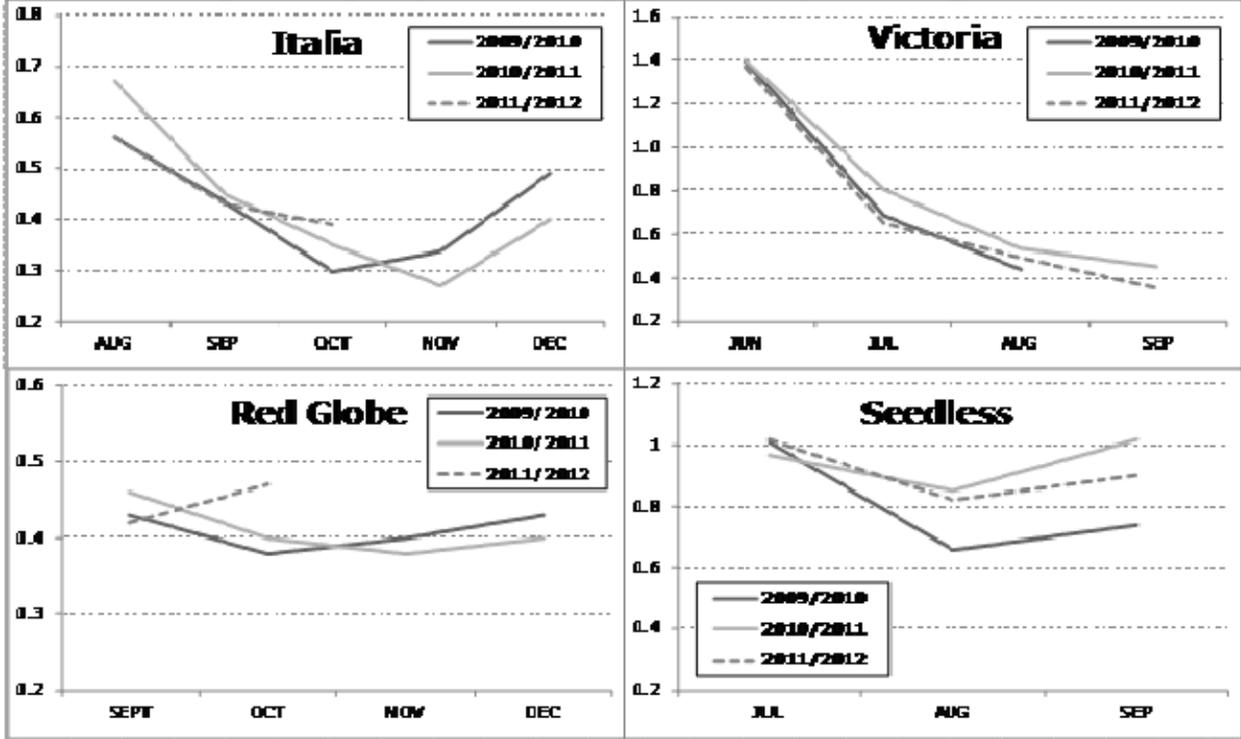
However, this year, a delayed harvest in Egypt and Morocco resulted in increased exports to the EU in July. Therefore, much of the North African crop hit the market at the same time of the Italian, Spanish, and Greek one.

MY 2011/12 **Italian** table grapes production is forecast down 1 percent to 1.5 MMT. In general, the harvest – still ongoing for some late varieties – has been very good both in terms of yields and quality. High temperatures and good weather over the summer allowed for harvesting grapes with a high sugar content. Table grapes prices significantly dropped at the beginning of the marketing year due to high temperatures which encouraged the consumption of other summer fruit crops (peaches, nectarines, prunes, and so on). Lower prices along with increasing input costs (mainly packaging and fuel costs) are threatening Italian table grapes growers profitability. Nevertheless, domestic prices are recovering and are expected to further increase in the next few months due to growing demand.

According to OIV (International Organization of Vine and Wine) estimates, Italy ranks 6th in the world table grape production and 3rd as an exporter behind Chile and the United States. Most table grapes are grown in the south, especially in Apulia and Sicily, which account for nearly 75 percent and 25 percent of the total area respectively.

Italia, *Victoria* and *Red Globe* are the most widespread varieties in Italy, covering approximately 66 percent of the table grape area. In the last few years, Italy has gradually moved to seedless grapes cultivation due to a general price drop and to a declining interest from some foreign markets toward seeded grapes. However, seedless varieties grown in Italy still represent 5 percent of the total. In fact, although seedless varieties prices are substantially higher than those of seeded grapes, yields are lower, and seedless varieties require more labor and more capital. *Sugraone* (8 percent of total area) and *Crimson* are the most widespread seedless varieties followed by *Thompson*, *Centennial*, *Sublime*, and others.

Chart 5: Average farm gate prices table grapes in Italy (Euro/kg)



Source: ISMEA, Agricultural Marketing Center.

In **Spain**, according to the latest forecast published by the Ministry of Environment and Rural and Marine Affairs (MARM), table grape production for MY 2011/12 is expected to increase compared to the previous year, to 291,700 MT. Despite adverse weather in some areas of the main producing region, the weather has been generally favorable. In Murcia, production levels are expected to increase by 25 percent (145,000 MT) compared to previous marketing year. In the case of Alicante, production is reported to reach 105,000 MT, 30 percent more than previous year. The main producing regions are the Murcia Region, the Comunidad Valenciana, and Andalusia. In particular, Murcia and Alicante have 70 percent of the production area in Spain, although each of these provinces produces different varieties at different times of the year.

In Spain, over 50 varieties of table grapes are commercialized. Some of the most popular traditional varieties are *Aledo*, *Ideal*, *Muscatel*, *Dominga*, and *Napoleon*. Seedless grapes show an increasing share of production and currently, roughly 30 percent of total production is seedless varieties whereas 70 percent is traditional varieties with seeds.

Seedless varieties are mainly produced in the Region of Murcia, the most important producing region of this variety of grapes in Europe. The estimated area planted with table grape in 2010 is 5,159 hectares with a production in MY 2010/11 of 116,743 tons, of which almost 80,000 tons are seedless. Similar total figures to those of MY 2009/10, but 15 percent increase in production of the seedless varieties. Around 80 percent of seedless table grapes produced in Murcia are exported to the UK.

Greece is the third largest producer of table grapes for fresh consumption in the EU-27 after Italy and Spain. According to industry estimates, MY 2011/12 (June/May) table grape production is forecast to decline by 20 percent, due to a wet spring and the downy mildew that affected some regions. Despite that, quality and size are very good, better than previous years. An even lower volume was predicted at the beginning of the season, but thanks to the stable, dry summer weather in Greece, producers have less drop out than usual. There are approximately 5,000 hectares currently cultivated with table grape. The main producing areas include the prefectures of Corinth in Peloponnese; Kavala in Macedonia; Heraklion in the island of Crete. *Sultana* (Thompson Seedless) and *Victoria* are the major table grape varieties grown in Greece.

Table Grapes - Consumption

Despite the enduring economic crisis, total EU-27 fresh grape consumption has been rather stable in recent years and stands at about 2.3-2.4 MMT. Moreover, some EU large retailers, are also trying to foster table grape consumption in the EU. Conad (Italy), Rewe (Germany), Coop Suisse (Switzerland), E. Leclerc (France), and Colruyt (Belgium) have recently promoted the consumption of the *Italia* variety in their respective countries.

Imports from third countries, normally coming in the first half of the calendar year from the Southern hemisphere, represent approximately 30 percent of total consumption. Starting in June with the Spanish and Greek harvests, and throughout the end of the year with the Italian one, EU grape consumption is mostly met by domestic production. However, new players from the Mediterranean area (Egypt, Turkey and Morocco) have started to compete in the domestic market for the last few years. Italy is not only the main table grape producer but also the main consumer in the EU, with more than one-third of the total consumption, still predominantly the traditional seeded varieties (*Italia* variety). Following behind Italy, the main consumers of table grapes are Germany, the UK, France, and Spain. Despite the fact that seeded grapes are still

appreciated in Germany and France, experts claim seedless table grapes are increasingly being demanded by EU consumers. Many EU table grapes farmers are indeed replacing old seeded varieties with new seedless varieties.

Table Grapes - Trade

The EU-27 is a net importer of fresh table grapes and imports for MY 2011/12 are likely to increase slightly as a consequence of growing domestic demand. In MY 2010/11 EU-27 table grapes imports further declined by approximately 4 percent while exports decreased by 16 percent. The import value on the contrary increased to \$1.46 billion.

Table 14 – EU-27 Table Grapes trade Balance (MY June-May)

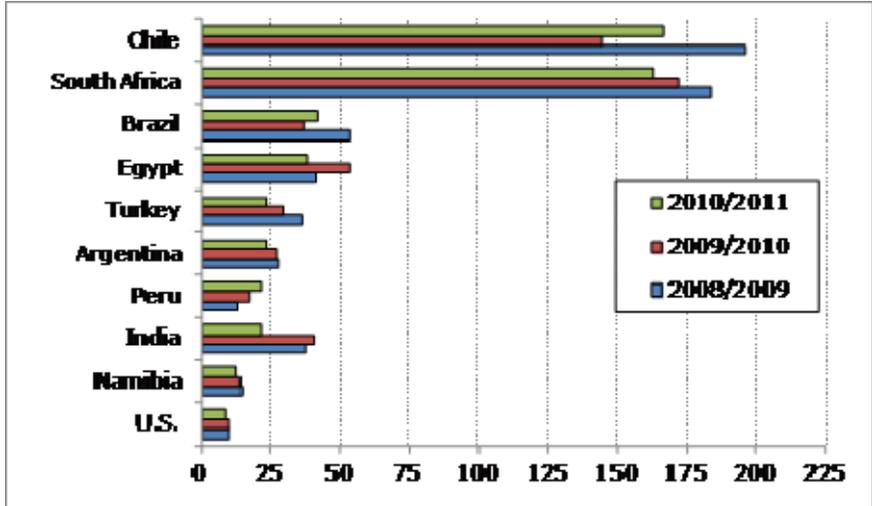
	1000 Tons			mil \$		
	2008/2009	2009/2010	2010/2011	2008/2009	2009/2010	2010/2011
Import	640	568	543	1,272	1,384	1,457
Export	162	114	133	273	206	245
Balance	-479	-454	-410	-999	-1,178	-1,212

Source: GTA.

The major suppliers into the European market come from the southern hemisphere, where production is counter-seasonal to the EU and where seedless table grapes are widespread, with Chile and South Africa the leading suppliers. Imports from the U.S. have grown but are still below 2 percent of total and are mainly directed to the UK market. The largest EU importing countries are the Netherlands, Germany, and the UK. However, while Germany and the UK are also the largest consumers (behind Italy), the Netherlands mainly serves as a trans-shipping point.

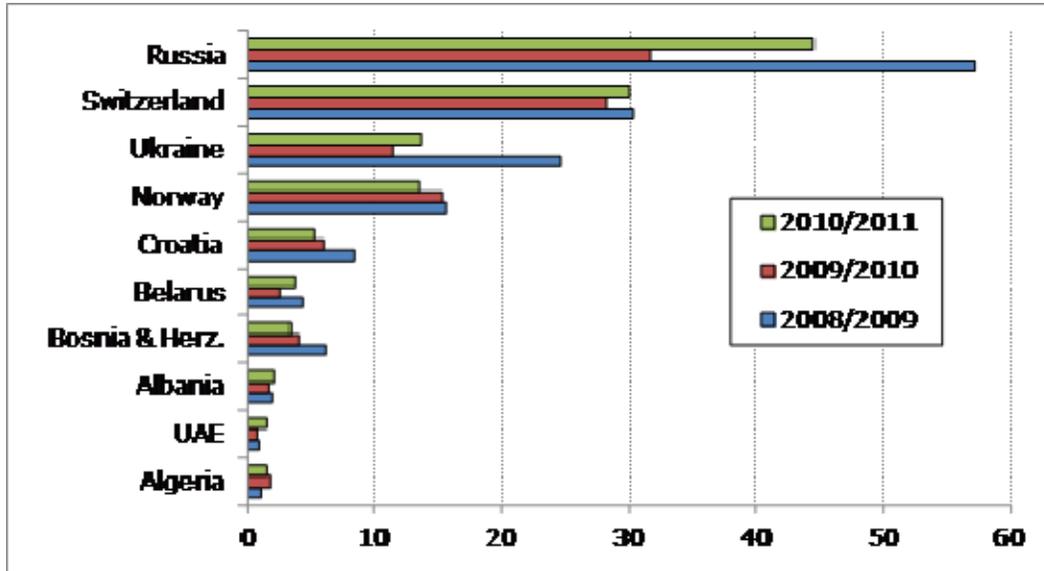
Table grape exports outside the EU fell dramatically in MY 2009/10 but recovered slightly in MY 2010/2011, to about 133,000 MT. The EU mainly exports table grapes to Russia and Switzerland.

Chart 6: EU-27 main table grapes import partners ('000 MT, MY June-May)



Source: GTA.

Chart 7: EU-27 main table grapes export partners ('000 MT, MY June-May)



Source: GTA.

Policy

Coordinated by Tania DeBelder/USEU/FAS Brussels

Common Market Organization for Fruits and Vegetables

The EU Common Market Organization for Fruits and Vegetables (CMO) was reformed in 2007. The aim was to bring the F&V sector in line with other agricultural sectors that were already reformed under the [Common Agricultural Policy \(CAP\)](#). [Council Regulation 1234/2007](#) established a single common market organization (CMO) for all agricultural products and replaced 21 existing CMOs. The policy changes agreed in the context of the CMO reforms for fruit and vegetables were incorporated in the single CMO by [Council Regulation 361/2008](#). The old-style production-linked payments have been replaced by decoupled payments. The shift from production support to direct aid to producers was designed to improve the competitiveness, market orientation and sustainability of the sector.

Producer Organizations (PO's) are the key elements in the EU's CMO for fruit and vegetables. PO's are legal entities established by producers to market commodities within the following categories: fruits and vegetables, citrus fruit, nuts, mushrooms, products intended for processing, and some cross-commodities.

EU subsidies are not paid to individual producers but are channeled through PO's. In order to qualify for EU subsidies, PO's must submit an operational program financed through an operational fund. The EU's financial contribution is paid directly into the PO's operational fund. The calculation of the estimated amount of operational fund is based on the operational program and the value of marketed production, and the PO's own financial co-financing contribution.

All the implementing rules have been incorporated in a new [Commission Regulation 543/2011](#) repealing Regulation (EC) No 1580/2007.

Import Licenses

The system of import licenses for apples falling within Combined Nomenclature code (CN code)

0808 10 80 had been introduced in 2006 as a transitional system in order to monitor the imports of apples. New and accurate means of monitoring imports of apples have been developed and the obligation to present import licenses for apples ceased to apply at the end of August 2011.

Fruit School Scheme

A key objective of the reform of the Fruit and Vegetable regime was to reverse the declining consumption of fruit and vegetables. The European School Fruit Scheme (SFS) is one measure to combat child obesity.

[Commission Regulation 288/2009](#) last amended by Commission Regulation (EU) No 34/2011 is laying down the rules for applying Council Regulation 1234/2007 as regards Community aid for supplying fruit and vegetables, processed fruit and vegetables and banana products to children in educational establishments, in the framework of a School Fruit Scheme. All schemes would consequently include three elements: free distribution of fruit (and/or vegetables) in schools, a series of accompanying measures (for example information campaigns on healthy eating habits), and monitoring and evaluation. The scheme aims to provide fruit & vegetables to school children from the start of the school year.

The SFS makes €90 million of EU funds available to provide fruit and vegetables to school children to be matched by national and private funds and the system will be reviewed after 3 year. The school year 2011/2012 is the third year after the start. The main beneficiaries of the scheme for the 2011/2012 school year are France, Italy, Germany, Romania and Poland. For more information on the definitive allocation of community aid from August 1, 2011 to July 31, 2012: [Commission Decision C\(2011\) 2008 of 30 March 2011](#)

The SFS also requires participating Member States to engage in educational & awareness-raising initiatives on healthy eating, as well as the sharing of best practice. Commission figures reveal that some 22 million children in the EU are overweight, with more than 5 million of these classified as obese, a figure that is expected to rise by 400 000 every year. Information and documents on the School Fruit Scheme are available on internet at: http://ec.europa.eu/agriculture/fruit-and-vegetables/school-fruit-scheme/index_en.htm

Maximum Residue Levels for Fruits

Maximum Residue Levels (MRLs) for pesticide are harmonized throughout the EU. As a marketing tool, some retail chains in the EU exceed the EU regulations and require their suppliers to adhere to stricter company policies that limit the maximum residues to 30, 50 or 70 percent of the respective EU MRL (or so-called private standards). The legislation on the approval of pesticides is fully applicable since June 14, 2011. However, it is still uncertain how this will affect the MRL legislation.

EU-Russian MRLs harmonized

Fruit and vegetables are the largest EU agricultural export to Russia. The Russian Federation aligned some of its maximum levels for pesticide residues (MRLs) with the EU and international standards. The EU and Russian Federation scientific bodies have reached a common understanding concerning pesticide residues for fruit and vegetables, as some of the Russian MRLs were excessively strict. The amended Russian law entered into force in early June 2010.

The development provides more favorable conditions for EU exporters of vegetables and fruit, such as apples and pears, grapes, citrus fruits and stone fruits (peaches, apricots, etc.). Fruit and vegetables are the largest EU agricultural product category exported to the Russian market

and exports are expected to grow during the 2010/2011 season. The value of trade of these products was € 2.3 billion Euros in 2009, mainly exports from the EU to the Russian Federation.

The dialogue on harmonization of Russian norms with EU and international food safety standards will continue, on residues in veterinary medicinal products in the areas of meat and dairy products, on standards in the areas of plant health, veterinary inspection, contaminants, microbiological standards in foodstuffs, etc. For more information:

http://ec.europa.eu/food/international/trade/eu-russia_spsissues_en.htm

Certification of Fruit Shipments

Plant products need a phytosanitary certificate to be exported to the EU. Phytosanitary certificates issued by an APHIS inspector are required to accompany fruit, vegetable and nut shipments. APHIS issues phytosanitary certificates in accordance with international regulations established by the [International Plant Protection Convention of the Food and Agriculture Organization of the United Nations](#). This standard-setting body coordinates cooperation between nations to control plant and plant product pests and to prevent their spread.

Council Directive [2000/29/EC](#) contains provisions concerning compulsory plant health checks. The checks consist of documentary, identity and physical plant health checks to verify compliance with EU import requirements. More information can be accessed on DG Health & Consumer Protection's website

http://ec.europa.eu/food/plant/organisms/imports/inspection_en.htm .

Commission Regulation [1756/2004](#) provides for plant health checks to be carried out at reduced frequency where this can be justified. According to the updated list ([updated July 7, 2010](#)) of products recommended for plant health checks at reduced levels, the frequency of inspections on imports of U.S. apples is going up to 50 percent instead of 25 percent for the Malus species.

Tariffs

Imports of fresh fruit and vegetables are subject to the Entry Price System (EPS) which has been in place in its current form since the Uruguay Round. It is a complex tariff system that provides a high level of protection to EU producers. In this system fruits and vegetables imported at or above an established entry price are charged an ad valorem duty only. Produce valued below the entry price are charged a tariff equivalent in addition to the ad valorem duty. The tariff equivalent is graduated for products valued between 92 and 100 percent of the entry price. The ad valorem duty and the full tariff equivalent are levied on imports valued at less than 92 percent of the entry price.

Whether or not the EU will maintain the EPS will be discussed in the context of the Doha Round trade talks. The EPS is not necessarily discriminatory for U.S. exporters. The U.S. tends to sell high quality products, which are usually relatively high priced and do not face any additional duty. Replacing the EPS with fixed tariffs could result in higher ad valorem duties.

Tariff levels for 2012 are published in EU Regulation 1006/2011.

For details please refer to:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:282:FULL:EN:PDF>

Apples see pages 87 and 688-690

Pears see pages 88 and 690-692

CAJ see pages 157 and 863

Grapes see pages 87 and 687

Trade Fairs

Coordinated by Roswitha Krautgartner/FAS Vienna

In the EU, trade fairs play a key role in presenting new products to the trade or in finding additional buyers and importers. The major international trade fair for the fruit and vegetable trade is held each February in Berlin, Germany:

Fruit Logistica Berlin, Germany (Interval: yearly) Target Market: Europe Good venue for exhibiting fresh and dried fruit, nuts and related products http://www.fruitlogistica.de	Next Fair: February 08-10, 2012	U.S. Pavilion Organizer: B*FOR International Tel: (540) 373-9935 Fax: (540) 372-1414
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For organic products there is a special trade fair held annually in Nuremberg, Germany

Bio Fach Nuremberg, Germany (Interval: yearly) Target Market: Germany/Europe The leading European trade show for organic food and non-food products http://www.biofach.de	Next Fair: February 15-18, 2012	U.S. Pavilion Organizer: B*FOR International Tel: (540) 373-9935 Fax: (540) 372-1411
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Related Reports

Coordinated by Roswitha Krautgartner/FAS Vienna

Report Title	Date released
 Poland's Horticulture Production Update 2011-2012 Fresh Deciduous Fruit, Fresh Fruit, Stone Fruit, Strawberries, Vegetables, Agriculture in the News, Agricultural Situation Warsaw Poland 10/11/2011 National Statistic Office estimates field vegetable production at nearly 4.4 million tons, tree fruit production at 2.9 million tons, and berry fruit production at over 0.5 million tons. Vegetable and tree fruit crops are expected to be significantly higher than previous season; however final berry fruit production is estimated to be lower due to smaller currants and strawberry crops earlier this summer. Poland's Horticulture Production Update 2011-2012 Warsaw Poland 10-6-2011	10/11/2011
 Positive outlook for 2011 EU Apple and Pear Production Fresh Deciduous Fruit, Organic Products Berlin EU-27 8/17/2011 On August 5-6, 2011, the World Apple and Pear Association (WAPA) presented the 2011 EU apple and pear crop forecast at the 35th Prognosfruit convention in Ljubljana/Slovenia. WAPA forecasts the 2011, EU-27 crop for fresh apples at 10.2 million MT. This is an increase of 3 percent compared to the small crop of 2010. Production of fresh pears is forecast at 2.5 million MT, versus 2.3 million MT in 2010. This is an increase of 12 percent. This forecast reflects the situation as of mid-July. F... Positive outlook for 2011 EU Apple and Pear Production Berlin EU-27 8-12-2011	8/17/2011

<p> Czech Agriculture Receives Assistance after Damaging May Frosts Fresh Deciduous Fruit, Agriculture in the News, Policy and Program Announcements, National Plan Prague Czech Republic 7/28/2011</p> <p>Fruit growers and vintners suffered a combined estimated loss of 560 million CZK (US \$33 million). The Ministry plans to increase national subsidies 30 million CZK (US \$ 1.77 million).</p> <p>Czech Agriculture Receives Assistance after Damaging May Frosts Prague Czech Republic 7-25-2011</p>	7/28/2011
<p> Product Brief Fresh Fruits Product Brief, Fresh Deciduous Fruit, Citrus, Fresh Fruit, Stone Fruit, Strawberries Berlin Germany 2/18/2011</p> <p>Germany is one of the largest markets for fruit in Europe. The relative affluence of its population of 82 million people makes it an attractive outlet for exporters from many countries. This product brief highlights certain aspects of the German fruit market for U.S. exporters to utilize existing market opportunities and properly market their product in Germany.</p> <p>Product Brief Fresh Fruits Berlin Germany 02-08-2011</p>	2/18/2011
<p> Italian Fresh Deciduous Fruit 2010 Fresh Deciduous Fruit Rome Italy 11/8/2010</p> <p>MY 2010/2011 (July/June) apple production is forecast to decrease to less than 2.2 MMT due to hail and heavy rains that occurred in late spring. MY 2010/2011 pear production is forecast at 655,000 MT, down sharply from the MY 2009/2010 harvest due to heavy rains and hail during the fruit setting period. Both apple and pear prices have increased significantly, due to reduced supply and to a growing demand. MY 2010/2011 Italian table grape production is forecast down 3.8% to less than 1.3 MMT d...</p> <p>Italian Fresh Deciduous Fruit 2010 Rome Italy 11-2-2010</p>	11/8/2010
<p> Select Smaller Supply and Rising Prices Fresh Deciduous Fruit Vienna EU-27 11/5/2010</p> <p>The EU-27 is one of the world's leading producers and consumers of apples, pears, table grapes, and concentrated apples juice (CAJ). Due to unfavorable weather conditions in major EU producing countries production of apples, pears, and table grapes is estimated to decline significantly in MY 2010/11. The lower availability of fresh fruit is expected to raise prices for apples, pears and, to a lesser extent, for table grapes. The smaller supply of apples will also lead to decreased production ...</p> <p>Fresh Deciduous Fruit Annual Vienna EU-27 11-2-2010</p>	11/5/2010
<p> Greece Fresh Deciduous Fruit 2010 Fresh Deciduous Fruit Rome Greece 10/25/2010</p> <p>MY 2010/2011 (July/June) Greek apple and pear production is forecast to increase by about 18 percent due to favorable weather. MY 2010/2011 Greek apple and pear consumption is forecast to increase by about 13 percent due to an increased production. Greece is the third largest producer of table grapes for fresh consumption in the EU-27 after Italy and Spain. According to industry contacts, Greece had a very bad crop in terms of both quality and quantity, particularly for seedless variety (fres...</p> <p>Greece Fresh Deciduous Fruit 2010 Rome Greece 10-22-2010</p>	10/25/2010
<p> Promoting the consumption of fresh fruit in the Netherlands Fresh Deciduous Fruit The Hague Netherlands 2/1/2010</p> <p>This campaign might offer future opportunities for U.S. Cooperators to introduce or further market their fresh fruit to the Dutch consumer</p> <p>Promoting the consumption of fresh fruit in the Netherlands The</p>	2/1/2010

Hague Netherlands 1-27-2010	
<p> FAIRS Country Report FAIRS Country Report Brussels USEU EU-27 12/27/2010</p> <p>This report provides an overview of food laws currently in force in the EU-27. The following sections were updated/added: food laws, allergen labeling requirements, warning labels, nutrition & health claims, nutrition labeling, country of origin labeling, food contact materials, additives, pesticides & contaminants, product inspection, fortified foods, dietetic foods, single common market organization (veal, fruit & vegetables), wine, spirit drinks, organic foods, vertical legislation, beef & m...</p> <p>Food and Agricultural Import Regulations and Standards - Narrative Brussels USEU EU-27 12-21-2010</p>	<p>12/27/2010</p>
<p>Feb 12 2009 EU-27 Fruit & Vegetables: EU Marketing Standards</p> <p><i>Highlight:</i> Commission Regulation 1221/2008 provides for a general marketing standard for all fresh fruits and vegetables and repeals specific marketing standards for 26 products. For 10 types of fruit and vegetables, specific marketing standards will remain in place. The regulation will apply as of July 1, 2009.</p> <p>E49013 http://www.fas.usda.gov/gainfiles/200902/146327220.pdf</p>	<p>2/9/2009</p>
<p>Oct 2 2008 EU-27 EU Certification Guide - Update</p> <p><i>Highlight:</i> This guide is intended to provide an overview of legally required health certificates required for export to the EU. It also lists the origin certificates which give access to U.S. specific tariff rate quotas and further refers to certain private certification initiatives, which are mostly intended to guarantee quality. U.S. regulatory agencies have been informed of the wide range of certification changes that have occurred over the past year and that will come into effect in the next few months. These changes reflect EU's updated health rules, especially in the field of animal health. Some changes also relate to new protocols negotiated between the U.S. and the EU and to the further implementation of the TRACES system. TRACES is an e-government initiative allowing the Commission to follow the movement of animal and animal products within the EU territory.</p> <p>E48108 http://www.fas.usda.gov/gainfiles/200809/146295939.pdf</p>	<p>9/29/2008</p>