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Italy Stone Fruit Report 2010

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Stone Fruit

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Report Highlights:

The MY 2010/2011 Italian peach and nectarine crop has been severely damaged by strong hailstorms, particularly in Emilia-Romagna, which produces most of Italy's nectarine crop. Cool and rainy weather prior to harvest also delayed the crop and reduced production. Industry sources estimate an overall 6.6% decline in production, with a significant decrease in the nectarine harvest. MY 2010/11 peach and nectarine exports are forecast to increase, mainly due to Russia and other Eastern European countries re-opening their markets and to a lower harvest in Spain, France, and Greece.

General Information:

ITALIAN STONE FRUIT REPORT 2010

The MY 2010/2011 Italian peach and nectarine crop has been severely damaged by strong hailstorms, particularly in Emilia-Romagna, which produces most of Italy's nectarine crop. Cool and rainy weather prior to harvest also delayed the crop and reduced production. Industry sources estimate an overall 6.6% decline in production, with a significant decrease in the nectarine harvest. MY 2010/11 peach and nectarine exports are forecast to increase, mainly due to Russia and other Eastern European countries re-opening their markets and to a lower harvest in Spain, France, and Greece.

I. PEACHES AND NECTARINES

PRODUCTION

Table 1 - Production, Supply and Demand (ha, MT)

Fresh peaches & Nectarines	2008/2009 MY Begin: June 2008	2009/2010 MY Begin: June 2009	2010/2011 MY Begin: June 2010
	Current post data	Current post data	Current post data
Area Planted	93,107	93,061	93,000
Area Harvested	86,062	86,569	85,222
Production	1,519,787	1,578,478	1,474,337
Imports	67,869	78,010	65,000
Total Supply	1,587,656	1,656,488	1,539,337
Fresh Dom. Consumption	1,166,520	1,197,639	1,073,021
Exports	330,375	357,908	370,000
For Processing	90,760	100,941	96,316
Withdrawal From Market	0	0	0
Total Distribution	1,587,656	1,656,488	1,539,337

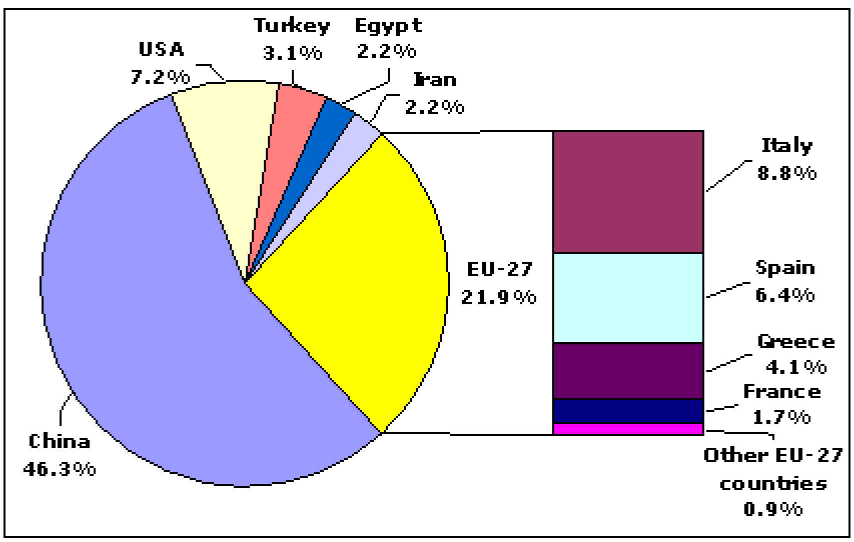
Italy is the largest peach and nectarine producer in the European Union (EU) and ranks second in the world after China (46.3% of production). Stone fruit production plays a key role in the agricultural sector of several northern Italian regions, especially Emilia-Romagna and Campania, which is located in an active hail belt that extends from the Iberian Peninsula to northern Greece. In general, stone fruit orchards (free stone peaches, nectarines, cherries, apricots and plums) occupy around 1.3% (154,900 ha) of Italian agricultural land, of which peach and nectarine orchards occupy about 93,100 hectares. The bulk of the Italian harvest occurs in June and July.

Table 2 – Italian stone fruit Area and Production

	2008		2009		2010	
	area	production	area	production	area	production
	'000 ha	'000 MT	'000 ha	'000 MT	'000 ha	'000 MT
Peaches & Nectarines	93.1	1,519.8	93.1	1,578.5	93.0	1,474.3
Peaches (fresh cons.)	60.1	683.4	59.9	701.5	59.7	667.8
Clingstone peaches		90.8		100.9		96.3
Nectarines	33.0	745.7	33.2	776.1	33.3	710.2
Cherries	29.7	1,343.9	29.7	1,161.8	n.a.	n.a.
Apricots	18.6	2,054.9	18.0	2,151.2	n.a.	n.a.
Plums	14.5	1,840.9	14.1	1,893.0	n.a.	n.a.
Total stone fruit	**155.9**	**6,759.5**	**154.9**	**6,784.5**	**93.0**	**1,474.3**

Source: Istat and CSO.

Figure 1 – Shares of World Peach and Nectarine Production (2008)



Source: FAOSTAT.

MY 2009/10 is considered one of the worst in the past 30 years for Italian stone fruit producers and the industry in general. The global financial crisis lead to both shrinking export demand and greater competition, which resulted in lower farm gate prices and shrinking (or even negative) margins and forced some farmers to leave fruit on the trees or even to destroy their orchards. Additionally, due to unusual weather, both the northern and southern crops ripened at about the same time, causing a larger than normal quantity to be marketed in a shorter period of time further weakening prices.

Italy's MY 2010/2011 crop has been severely damaged by strong May and June hailstorms, especially in the northern regions and particularly in Emilia-Romagna, which produces most of Italy's nectarine crop. Cool and rainy weather prior to harvest also delayed the crop and reduced production. Industry sources estimate an overall 6.6% decline in production, with a significant decrease in the nectarine harvest.

Industry sources generally expect MY 2010/11 prices to be better than the previous year due to a combination of lower production and increased demand (both intra-EU and export). Nevertheless, many fruit producing cooperatives and farmers are finding ways to avoid being absolute price-takers by increasing the efficiency of Italy's notoriously bureaucratic distribution and marketing chains.

CONSUMPTION

Most Italian peaches and nectarines are for fresh consumption—both domestically and for export. Italian consumers generally prefer larger fruits, while the export markets prefer smaller fruits. MY 2009/10 domestic consumption increased largely as a function of lower prices. MY 2010/11 domestic consumption is expected to decline due to the (late) smaller crop and stable or higher prices.

TRADE

Italy is a major peach and nectarine exporter, mainly within the EU-27. Despite strong competition from Spain and Greece, Italian peach and nectarine exports increased in MY 2009/10 and are expected to increase again in MY 2010/11, mainly due to Russia and other Eastern European countries re-opening their markets and to a lower harvest in Spain, France, and Greece.

Table 3 - Italian Peach and Nectarine Exports

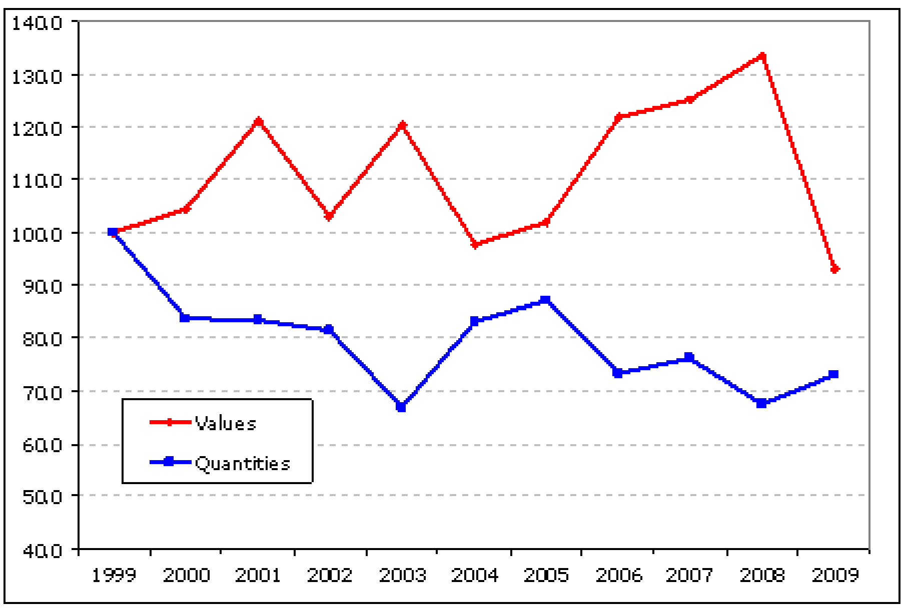
	2008	**2009**
	'000 MT	**'000 MT**
EU-27	**299.7**	**321.2**
Germany	139.7	146.3
UK	24.9	25.9
Poland	16.1	24.1
Austria	20.6	22.5
Czech Republic	16.3	18.6
Sweden	13.2	12.7
Denmark	10.3	11.5
Romania	8.1	10.6
Other Eu-27 countries	50.5	49.1
Non EU-27	**30.6**	**36.7**

Switzerland	13.2	13.1
Russia	6.1	12.2
Total	**330.4**	**357.9**

Source: Istat.

However, despite an increase in export quantity, the value of exports dropped from €340.7 million in 2008 to €237.3 million in 2009—or about 30%. This clearly shows the effects of the 2009 price drop as a result of both oversupply and the financial crisis. Industry sources expect the MY 2010/11 decline in EU-27 peach and nectarine production will result in slightly higher prices and increased Italian exports.

Figure 2: Italian Peach and Nectarine Export Trend



Source: Istat (index: 1999=100).

Table 4 - Peaches and nectarines trade balance

	'000 MT		€ mil	
	2008	**2009**	**2008**	**2009**
Imports	67.9	78.0	74.2	84.9
Exports	330.4	357.9	340.7	237.3
Balance	262.5	279.9	266.5	152.4

Source: Istat.

MARKETING

Given the high price fluctuations and the recent market crisis, Italian farmers are looking for new strategies to increase consumption and to gain more market share. Technical and genetic innovation is certainly a useful tool to reach that goal. In particular, every year new peach and nectarines varieties are created in order to cope with changing market and consumption dynamics. For instance, three new nectarine varieties (belonging to Rebus series) have recently been tested aiming to obtain not only quality and pest resistance but also low perishable and long shelf-life fruit products which could be exported. The fruits have been selected to replace and improve the Big Top variety which is one of the most yellow flesh nectarines cultivated in Italy.

II. OTHER STONE FRUITS

CHERRIES:

Although Italian cherry production is second in the EU-27 after Poland, industry sources generally consider it to be of marginal importance as only small amounts are traded. The MY 2010/2011 cherry harvest has been severely affected by bad weather, including hail storms, hard rain, cold temperatures, and reduced sunlight, especially during the ripening and harvesting period. As a result, overall production is expected to be even lower than the 2009 crop, which is estimated at 116,179 MT. Italy is generally self sufficient in cherries, which are mainly consumed fresh. Given reduced production, Italy may again import cherries from within the EU during MY 2010/11.

APRICOTS:

Italy is the largest apricot producer in the EU-27, followed by France, Greece, and Spain. MY 2010/11 apricots production is forecast to increase by 5% to 228,000 MT from the estimated MY 2009/10 production of 216,000 MT. Apricots are generally destined for fresh consumption. Italy is basically a net importer of apricots, mainly from France or other EU Member States. In MY 2009/10, Italy imported about 20,000 MT of apricots, up from the MY 2008/09 imports of about 3,000 MT.

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Abbreviations and definitions used in this report:

Ha	Hectare; 1 ha = 2.471 acres
Peaches/nectarines	HS Code 080930
MT	Metric ton = 1,000 kg
MS	EU member state(s)
MY	Marketing year: June/May

Sources used in this report:

CSO	Centro Servizi Ortofruitticoli/Center for fruit and horticultural services
Istat	Istituto Statistico Italiano/Italian statistical center
FAOSTAT	FAO Statistical database