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**Italy**

**Fresh Deciduous Fruit**

**Annual**

**2000**

Approved by:

**Elizabeth Berry**

**U.S. Embassy**

Prepared by:

Franco Regini

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**Report Highlights:** Italian apple and pear output for 2000 is expected to be 2,165 million tons and 923,000 tons respectively. For pear production, this would represent an 18% increase from 1999 levels, but still below the exceptional production level reported in 1998. Italy remains the world's largest table grape producer, accounting for 21% of total global output. During the 1999-2000 marketing year, the import of U.S. apples, destined for a high quality niche market, dropped 95% due to a strong increase in the U.S. dollar.

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Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

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## SECTION I. EXECUTIVE SUMMARY

### PRODUCTION

According to the Horticultural Service Center, the Italian agency officially responsible for the forecast of Italian fruit production, Italian apple and pear output for 2000 is expected to be 2,165 million tons and 923,000 tons respectively. For pear production weather conditions were particularly favorable in 2000 and the production increase is forecast to be up 18% from 1999 levels, but still below the exceptional production level reported in 1998. Production of apples and table grapes in 2000 will remain roughly at the same levels as in 1999.

Italian exports of table grapes continue to increase, confirming Italy's leadership in the world market. Italian apple exports, however, have continued to decline due to competition from other European countries. Italian pear exports fluctuate due to the instability of domestic production.

### PEARS

Italy is the major European producer of pears, followed by Spain with about 600,000 tons and France with 250,000 tons. Abate and Williams are the two major Italian pear varieties which are popular both in Italy and abroad. During 2000, wholesale average prices of the Abate pear variety were between 0.83 euro/kg and 1 euro/kg.

### APPLES

About 60% of the Italian apple harvest is represented by Delicious varieties (Golden and Red) and almost 60% of Italian apple production is concentrated in Trentino-Alto Adige region, close to the Austrian boarder.

Despite a slow but continuous decline in both Italian apple planted area and production, the apple industry has ended up with surplus stocks for the last several years, mainly due to increased competition from France, Germany and Spain, which limited exports. Consequently, in order to support prices, a withdrawal program was implemented by several producer associations, which accepted 32,000 tons of apples in February 2000. These withdrawals were enabled by EU subsidies.

### TABLE GRAPES

Italy remains the world's largest table grape producer, accounting for 21% of total global output. Italian table grape production is concentrated in southern Italy, in the Apulia and Sicily regions (about 92% of total Italian output in 1999).

Despite a decline in table grape planted area, Italian production remained stable because of improved crop management techniques over the last several years. In particular, new varieties have been planted (Italia and Regina remain the two major varieties), and the number of vines under cover and in greenhouses have increased.

## CONSUMPTION

Italian fruit consumption is generally very sensitive to supply and related price fluctuations. Given the wide range of fruit availability, consumption of certain fruits can drop quickly when prices rise because of diminished supply.

## TRADE

Italy continues to reaffirm its leadership on the world table grape market with increasing exports year after year. The major market remains Germany where 36% of Italian table grape exports were delivered in 1999. The average export price for table grapes during the last marketing year was 0.72 euros/kilo.

Italian apple exports declined in 1999/2000 and are forecast to decline further in 2000/2001 as a result of reduced domestic output and export competition. The average export price for apples during the last marketing year was 0.47 euros/Kg. Germany was the major market for Italian apple exports during the last marketing year accounting for 47% of total exports. Imports remain insignificant: 0.9% of domestic output (they were 2% in 97/98).

Italian pear exports also fell in 1999/2000 due to a decline in domestic output, but are forecast to increase in 2000/2001 as supplies return to normal. Export prices for Italian pears were 0.76 euros/Kg during the last marketing season, or about the same as for other fruits. Germany is the major market for Italian pear exports, accounting for 50% of trade during the 1999/2000 marketing year. After an import surge in 1999 due to the reduced crop, imports are expected to return to more normal levels in 2000.

## MARKETING

The domestic market remains the most important outlet for Italian fruit sales, especially for apples, which are losing their market share in foreign markets due to competition from other producing countries. For the pear and table grape markets, however, Italy remains the leading producing country and so has much a stronger market advantage and better control of prices.

Italy imported 2570 tons of U.S. apples during 1999, slightly more than in 1998. Because of their high quality, U.S. apples do not compete with locally produced apples, but fill a seasonal niche market around Christmas time (December-January) in expensive gourmet shops and restaurants. During the 1999-2000 marketing year, the import of U.S. apples dropped by 95% due to a strong increase in U.S. dollar value, (although the trade matrix shows an increase for calendar year 1999).

Despite a positive trend in its table grape exports, Italy faced increased competition from Spain, Greece and South Africa in 1999 and price levels declined significantly.

As the consumer looks for more convenience foods, pear consumption is declining since they are not as easily eaten as other fruits. Pears are considered a typical slow food (a movement to enjoy more leisurely meals with foods that are prepared fresh from traditional products) because it must be peeled and it is often consumed with cheeses and salami. Producer associations are looking into promotion programs that would improve the pear's appeal, especially among young people.

#### CONCENTRATED APPLE JUICE

No official statistics exist on apple juice production and consumption. According to our trade contacts, Italian production of apple juice increased approximately 10% in 1999 and is supposed to remain stable in 2000.

Apple juice production is concentrated in the Trentino Alto-Adige region which is also the major Italian apple producing region. Domestic consumption is minimal, with most production exported, mainly to Germany, which accounted for 55 % of Italian exports in 1998. For 2000, Italian exports are forecast to remain at high 1999 levels.

The average FOB price of concentrated apple juice was 0.96 euros/Kg in 1999. Presently it averages about 1 euro/Kg.

Italy is also a large apple juice importer, with Italian processing companies importing apple juice from Turkey and Iran. The companies benefit from the cheaper prices and use the imported juice to blend with Italian juice in order to adjust the acidity of the final product. Generally, Italian apple juice is sweet whereas Turkish and Iranian juice is more acid.

## PSD TABLES

## APPLES

PSD Table						
Country	Italy					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Planted	70000	70000	70000	69000	0	69000
Area Harvested	64000	64000	64000	64000	0	63000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	2200000	2200000	2250000	2150000	0	2120000
Non-Comm. Production	43000	43000	43000	46000	0	45000
TOTAL Production	2243000	2243000	2293000	2196000	0	2165000
TOTAL Imports	20000	20000	20000	23000	0	23000
TOTAL SUPPLY	2263000	2263000	2313000	2219000	0	2188000
Domestic Fresh Consump	1393000	1393000	1463000	1379000	0	1350000
Exports, Fresh Only	520000	520000	500000	458000	0	450000
For Processing	350000	350000	350000	350000	0	358000
Withdrawal From Market	0	0	0	32000	0	30000
TOTAL UTILIZATION	2263000	2263000	2313000	2219000	0	2188000

## APPLE JUICE

PSD Table						
Country	Italy					
Commodity	Concentrat ed Apple Juice				(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Deliv. To Processors	350000	350000	350000	350000	0	358000
Beginning Stocks	4000	4000	2000	0	0	0
Production	40000	59000	0	65000	0	65000
Imports	25000	40000	0	39000	0	40000
TOTAL SUPPLY	69000	103000	2000	104000	0	105000
Exports	63000	99000	0	100000	0	100000
Domestic Consumption	4000	4000	0	4000	0	4000
Ending Stocks	2000	0	0	0	0	1000
TOTAL DISTRIBUTION	69000	103000	0	104000	0	105000

## PEARS

PSD Table						
Country	Italy					
Commodity	Fresh Pears				(HA)(1000 TREES)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Planted	48000	48000	48000	47000	0	47000
Area Harvested	44000	44000	44000	44000	0	44000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	1055000	1055000	750000	734000	0	868000
Non-Comm. Production	60000	60000	47000	50000	0	55000
TOTAL Production	1115000	1115000	797000	784000	0	923000
TOTAL Imports	60000	60000	90000	115000	0	70000
TOTAL SUPPLY	1175000	1175000	887000	899000	0	993000
Domestic Fresh Consump	865000	865000	647000	701000	0	723000
Exports, Fresh Only	200000	200000	160000	118000	0	160000
For Processing	110000	110000	80000	80000	0	110000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	1175000	1175000	887000	899000	0	993000

## GRAPES

PSD Table						
Country	Italy					
Commodity	Fresh Table Grapes				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	73000	73000	73000	72000	0	72000
Area Harvested	71000	71000	71000	70000	0	70000
Commercial Production	1490000	1490000	1400000	1504000	0	1500000
Non-Comm. Production	35000	35000	40000	58000	0	50000
TOTAL Production	1525000	1525000	1440000	1562000	0	1550000
TOTAL Imports	10000	10000	10000	12000	0	12000
TOTAL SUPPLY	1535000	1535000	1450000	1574000	0	1562000
Domestic Fresh Consump	675000	675000	650000	707000	0	692000
Exports, Fresh Only	560000	560000	550000	567000	0	570000
For Processing	300000	300000	250000	300000	0	300000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	1535000	1535000	1450000	1574000	0	1562000

## TRADE MATRIXES

## Fresh Apples Export

Export Trade Matrix			
Country	Italy		
Commodity	Fresh Apples		
Time period		Units:	MT
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Germany	220116	Germany	268736
France	14262	France	23093
Sweden	10171	Sweden	15890
Austria	31959	Austria	59835
Spain	41739	Spain	58750
Norway		Norway	7993
Russia	4973	Russia	5223
Check Rep	8936	Check Rep	18420
U.K.		U.K.	16344
Total for Others	332156		474284
Others not Listed	66012		95871
Grand Total	398168		570155

## Fresh Apples Imports

Import Trade Matrix			
Country	Italy		
Commodity	Fresh Apples		
Time period		Units:	MT
Imports for:	1998		1999
U.S.	2456	U.S.	2570
Others		Others	
Spain	564	Spain	1164
France	8219	France	7670
Austria	1406	Austria	449
Chile	1319	Chile	12845
		Netherlands	3696
Total for Others	11508		25824
Others not Listed	2596		5401
Grand Total	16560		33795

## Fresh Pears Exports

Export Trade Matrix			
Country	Italy		
Commodity	Fresh Pears		
Time period		Units:	MT
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Germany	82727	Germany	67970
France	30379	France	21413
UK	22263	UK	16497
Austria	12575	Austria	8496
Russia	1064		
Finland	2460	Finland	2602
Total for Others	151468		116978
Others not Listed	30811		21362
Grand Total	182279		138340

## Fresh Pears Imports

Import Trade Matrix			
Country	Italy		
Commodity	Fresh Pears		
Time period		Units:	MT
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
France	2781	France	7878
Spain	15450	Spain	42238
Netherlands	2970	Netherlands	6698
Argentina	18579	Argentina	43763
		Chile	7872
Total for Others	39780		108449
Others not Listed	4572		9197
Grand Total	44352		117646

## Grapes Exports

Export Trade Matrix			
Country	Italy		
Commodity	Fresh Table Grapes		
Time period		Units:	MT
Exports for:	1998		1999
U.S.		U.S.	1038
Others		Others	
Germany	219082	Germany	206909
France	102314	France	87585
Belgium-Lux	33375	Belgium-Lux	28869
Netherlands	24075	Netherlands	21379
UK	19947	UK	16920
Austria	20183	Austria	15495
Switzerland	16674	Switzerland	28527
Poland	26779	Poland	59153
Total for Others	462429		464837
Others not Listed	88580		112225
Grand Total	551009		578100

Grapes Imports

Import Trade Matrix			
Country	Italy		
Commodity	Fresh Table Grapes		
Time period		Units:	MT
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
Spain	3415	Spain	4180
Netherlands	798	Netherlands	1716
South Africa	820	South Africa	1242
Chile	325	Chile	1824
Total for Others	5358		8962
Others not Listed	1357		3450
Grand Total	6715		12412

Apple Juice Exports

Export Trade Matrix			
Country	Italy		
Commodity	Concentrated Apple Juice		
Time period		Units:	MT
Exports for:	1998		1999
U.S.	22154	U.S.	21377
Others		Others	
Germany	58385	Germany	55538
UK	7789	UK	6537
Netherland	10625	Netherland	4748
Total for Others	76799		66823
Others not Listed			11800
Grand Total	98953		100000

Apple Juice Imports

Import Trade Matrix			
Country	Italy		
Commodity	Concentrated Apple Juice		
Time period		Units:	MT
Imports for:	1998		1999
U.S.	155	U.S.	
Others		Others	
Germany	4653	Germany	9470
Turkey	11893	Turkey	971
Iran	12992	Iran	17611
China	4109	China	2679
Total for Others	33647		30731
Others not Listed	5737		7769
Grand Total	39539		38500