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Italy

Canned Deciduous Fruit

Annual

2000

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Report Highlights: Italian canned deciduous fruit output for 1999/2000 was 41,000 tons of canned peaches, 24,000 tons of canned pears and 72,000 tons of canned mixtures. Production for 2000/2001 is estimated to return to more normal levels of 30,000, 60,000 and 88,000 respectively. In 1999/2000, exports of canned peaches dropped to 37,000 tons due to the Italian producers' difficulty in competing in the market. Exports of Italian canned pears and mixtures also fell due to a low domestic crop but remained significant through the use of imported fruit.

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SECTION I. SITUATION AND OUTLOOK

GENERAL

Italian canned deciduous fruit output for 1999/2000 was 41,000 tons of canned peaches, 24,000 tons of canned pears and 72,000 tons of canned mixtures. Production for 2000/2001 is estimated to return to more normal levels of 30,000, 60,000 and 88,000 respectively

Since there are no official statistics available for canned fruit, production data are estimated on the basis of subsidy claim information provided by the Ministry of Agriculture. For canned peaches and pears, the Ministry data are considered to be fairly accurate, but for canned mixtures, however, the Ministry data only includes mixtures made from domestically produced fruit as opposed to product containing imported fruit. Most of the fruit included in the mixtures is imported from other EU countries without any additional subsidies added on to those received in the originating country.

In 1999/2000, the reported increase in canned peaches and the decline in canned pears and cocktails were a result mainly of varying weather conditions in different regions. As a result, peach production benefitted from good weather while a poor pear crop resulted from less favorable conditions in the main pear growing regions. For the 2000-2001 marketing year, production is forecast to return to 1998 levels due to a significant recovery in fresh pear production and a decline in fresh peach production.

Italian processors of canned peaches are finding it difficult to remain profitable against strong imports (mainly from Greece) and low domestic retail prices. As a result, many processors are reducing the amount of peaches processed leading to lower numbers for 2000/2001.

In fact, the canned deciduous fruit sector overall is suffering a market crisis in Italy and in other producing countries in Europe due to the following reasons:

1. An overall decline in canned fruit consumption
2. An increased competition from third countries, such as South Africa and Australia
3. A decline in EU subsidies.

Only Spain is reported to have increased its canned fruit production in the last years due to what is perceived as a better ability to adapt to the changes in the EU support program and to use the subsidies to their advantage in comparison to other EU producers. As a result of the increased production in Spain, the EU in 1999/2000 reached production levels similar to the record production in 1992/1993 (771,000 tons of canned peaches and pears in 1999/2000 compared to 612,000 tons in 1998/1999).

CONSUMPTION

Consumption of canned fruit, especially canned peaches, continues to decline in Italy as the consumers' preference for fresh fruit increases. This trend is compounded by an increasing supply and variety of fruits available throughout the year. Catering companies and restaurants remain the major users of Italian canned fruit.

TRADE

In 1999/2000, Italian imports of canned peaches dropped to 19,500 tons due to the large domestic production levels for that year (CY imports dropped from 30,000 in 1998 mt to 20,000 in 1999). Over 70% of the imports traditionally come from Greece with most product arriving in bulk and then further processed for retail packed canned fruit, including canned mixtures which represent about 50-60% of total fruit packed. Greek canned peaches are considered to be the most competitive peaches on the world market and quickly filled the gap brought about by the reduced availability of Italian peaches in 1999/2000 resulting from reduced production in 1998. In 1999/2000 Italian imports of canned pears increased significantly to 40,000 tons due to poor domestic production.

In 1999/2000, exports of canned peaches dropped to 37,000 tons due to the Italian producers' difficulty in competing in the market. Exports of Italian canned pears and mixtures, however, remained significant despite a drop in domestic output as processors turned to imports for repackaging and further processing. Italian processors are considered to be among the more efficient producers of canned pear and mixtures, and have remained competitive on the international market due to their low prices. In 1999/2000 Italy exported 90% of its domestic canned peach production, 141% of its canned pear domestic production (based on the use of additional imported pears) and 85% of its canned mixture domestic production.

Most of Italian canned fruit exports are delivered to markets within the EU. In 1999, 39% of Italian canned fruit exports were shipped to Germany which remains the major customer for the Italian product. For 2000/2001, Italian exports of canned pears and mixtures are forecast to increase due to the larger supply.

PRICES

For the 2000/2001 marketing year the European Union reduced minimum prices and processing subsidies for canned peaches and pears.

Peaches:

Minimum price (payed to farmers) 28.36 EURO/100 Kg, the same as in 1999/2000
Processing price (payed to processors) 4.1 EURO/100 Kg, or -32% from 1999/2000

Pears:

Minimum price 35.55 EURO/100 Kg, the same as in 1999/2000
Processing price 11.3 EURO/100 Kg, or -4.5 from 1999/2000

Exchange rate on :1 EURO=1936.27 Lire.

MARKETING

The Italian canned fruit industry is relatively concentrated, with a few companies packing most of the Italian production. There are, however, many small and medium size companies which produce product for supermarket chains and other food companies under private labels.

The canned fruit market is considered to have peaked due to strong competition from fresh fruit and other fruit products. In addition, the long shelf life of the product, combined with a large global supply, has resulted in a continuous decline of the world canned fruit price. Presently, canned pears seem to have the best prospects of the sector on the international market due to increased demand in France, Germany and United Kingdom.

POLICY

The EU common market reform for processed fruit will soon set a single subsidy (instead of a minimum price and a processing subsidy) to supply directly to farmers.

There is an ongoing discussion between the Italian farmer organizations and the processing industry over the implementation of the EU mandated pre-harvest agreements between the fruit producer and the processors. The Italian farmer organizations do not like the agreements because it cuts them out of the process and weakens their input into the sector. The farmers do not like the agreements because they believe that the processors use the agreements to their advantage, and that being locked in to a processor prior to harvest limits their marketing options. Despite these protests, the perception is that strong lobbying efforts in Brussels by the processing industry will override the objections of the farmer's groups.

SECTION II. PSD TABLES

CANNED PEACHES

PSD Table						
Country	Italy					
Commodity	Canned Peaches				(MT)(MT, Net Weight)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		06/1998		06/1999		06/2000
Deliv. To Processors	25000	25000	39000	39000	0	27000
Beginning Stocks	0	0	0	0	9000	11500
Production	28000	28000	41000	41000	0	30000
Imports	37000	37000	35000	19500	0	20000
TOTAL SUPPLY	65000	65000	76000	60500	9000	61500
Exports	51000	51000	55000	37000	0	37000
Domestic Consumption	14000	14000	12000	12000	0	11500
Ending Stocks	0	0	9000	11500	0	13000
TOTAL DISTRIBUTION	65000	65000	76000	60500	0	61500

CANNED PEARS

PSD Table						
Country	Italy					
Commodity	Canned Pears				(MT)(MT, Net Weight)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		06/1998		06/1999		06/2000
Deliv. To Processors	56000	56000	41000	22000	0	55000
Beginning Stocks	6000	6000	20000	20000	16000	6000
Production	63000	63000	45000	24000	0	60000
Imports	1100	1100	0	6000	0	1000
TOTAL SUPPLY	70100	70100	65000	50000	16000	67000
Exports	39000	39000	39000	34000	0	40000
Domestic Consumption	11100	11100	10000	10000	0	9000
Ending Stocks	20000	20000	16000	6000	0	18000
TOTAL DISTRIBUTION	70100	70100	65000	50000	0	67000

CANNED MIXTURES

PSD Table						
Country	Italy					
Commodity	Canned Mixtures				(MT)(MT, Net Weight)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		06/1998		06/1999		06/2000
Deliv. To Processors	82000	82000	82000	70000	0	80000
Beginning Stocks	0	0	0	0	0	6500
Production	90000	90000	90000	78000	0	88000
Imports	5000	5000	5000	3000	0	1000
TOTAL SUPPLY	95000	95000	95000	81000	0	95500
Exports	87000	87000	87000	67000	0	82000
Domestic Consumption	8000	8000	8000	7500	0	7500
Ending Stocks	0	0	0	6500	0	6000
TOTAL DISTRIBUTION	95000	95000	95000	81000	0	95500

TRADE MATRIXES

CANNED PEACHES

Exports

Export Trade Matrix			
Country	Italy		
Commodity	Canned Peaches		
Time period		Units:	MT
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Germany	16000	Germany	21000
U.K.	2500	U.K.	1700
Netherlands	3500	Netherlands	3600
France	3700	France	3700
		Austria	2422
Total for Others	25700		32422
Others not Listed	8300		5578
Grand Total	34000		38000

Imports

Import Trade Matrix			
Country	Italy		
Commodity	Canned Peaches		
Time period		Units:	MT
Imports for:	1998		1999
U.S.	1600	U.S.	45
Others		Others	
Greece	23000	Greece	14500
Spain	1000	Spain	700
		Germany	1900
		France	1800
		South Africa	850
Total for Others	24000		19750
Others not Listed	4400		205
Grand Total	30000		20000

CANNED PEARS

Exports

Export Trade Matrix			
Country	Italy		
Commodity	Canned Pears		
Time period		Units:	MT
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Germany	12900	Germany	13800
U.K.	2800	U.K.	3800
France	14300	France	14700
Netherlands	2400	Netherlands	1800
Total for Others	32400		34100
Others not Listed	3300		3900
Grand Total	35700		38000

Imports

Import Trade Matrix			
Country	Italy		
Commodity	Canned Pears		
Time period		Units:	MT
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
Spain	315	Spain	260
Greece	285	France	5200
		South Africa	165
Total for Others	600		5625
Others not Listed	500		75
Grand Total	1100		5700

CANNED MIXTURES

Exports

Export Trade Matrix			
Country	Italy		
Commodity	Canned Mixtures		
Time period		Units:	MT
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Germany	21400	Germany	21700
U.K.	18000	U.K.	15900
France	21400	France	19500
		Netherlands	4200
Total for Others	60800		61300
Others not Listed	14200		8700
Grand Total	75000		70000

Imports

Import Trade Matrix			
Country	Italy		
Commodity	Canned Mixtures		
Time period		Units:	MT
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
France	1500	France	1200
Total for Others	1500		1200
Others not Listed	1400		1600
Grand Total	2900		2800