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EU-27

Fresh Deciduous Fruit

Annual

2008

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Report Highlights:
EU-27 commercial and non-commercial apple production increased in MY 08/09 compared to the previous MY. This put substantial downward pressure on prices for processing apples as well as for table apples. The situation is expected to improve after the turn of the year when non-commercial apples will have been consumed. Lower EU-27 pear production in MY 08/09 resulted in high prices and low commercial stocks and might open opportunities for U.S. pear exports to the EU-27. Production of CAJ is expected to increase as a result of higher availability of processing apples. After years of decline, EU-27 table grape production and consumption has stabilized.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Berlin [GM1]
[E4]

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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	
GTA	Global Trade Atlas	
Ha	hectare; 1 ha = 2.471 acres	
MT	Metric ton = 1000 kg	
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	
USD	U.S. Dollar	
WAPA	World Apple and Pear Association	

Apples
Coordinated by Sabine Lieberz/FAS Berlin

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

Marketing Year	**2006/07**		**2007/08**		**2008/09**	
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	07/2006		07/2007		07/2008	
Area Planted		510,300		522,889		518,864
Area Harvested		464,095		432,136		484,244
Commercial production		9,932,545		8,820,777		10,092,105
Non-commercial production		1,201,400		903,416		1,146,770
Total Production		11,133,945		9,724,193		11,238,875
Extra EU27 imports		888,777		838,149		770,000
TOTAL SUPPLY		**12,022,722**	**-**	**10,562,342**	**-**	**12,008,875**
Fresh domestic consumption		7,690,230		7,100,301		7,785,875
Extra EU27 exports		960,169		749,049		880,000
For processing		3,368,821		2,710,992		3,343,000
Withdrawal from market		3,502		2,000		-
TOTAL DISTRIBUTION		**12,022,722**	**-**	**10,562,342**	**-**	**12,008,875**

Source: FAS EU-27

Apples – 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 almost 75 percent of the total EU commercial apple production. Some 25 varieties are produced in the EU commercial apple sector in volumes exceeding 10,000 MT, among these *Golden Delicious*, *Gala types*, and *Jonagold* are the dominant varieties. However, production patterns vary from MS to MS. While *Golden Delicious* is the variety with the largest production in Italy, France, and Spain, *Elstar* plays this role in Germany and the Netherlands; *Idared* and *Jonathan* are the number one varieties in Poland and Hungary, respectively.

Commercial apple production in MY 2008/09 is estimated at 10.2 million MT. The increase of 14 percent compared to the previous MY is largely a result of Poland and Hungary returning to more normal production levels. Both countries had witnessed very poor yields in the previous marketing year because of frost damage. Fruit quality seems to be good in most MS with the exception of Slovakia, where about 50 percent of the production will only be suitable for processing.

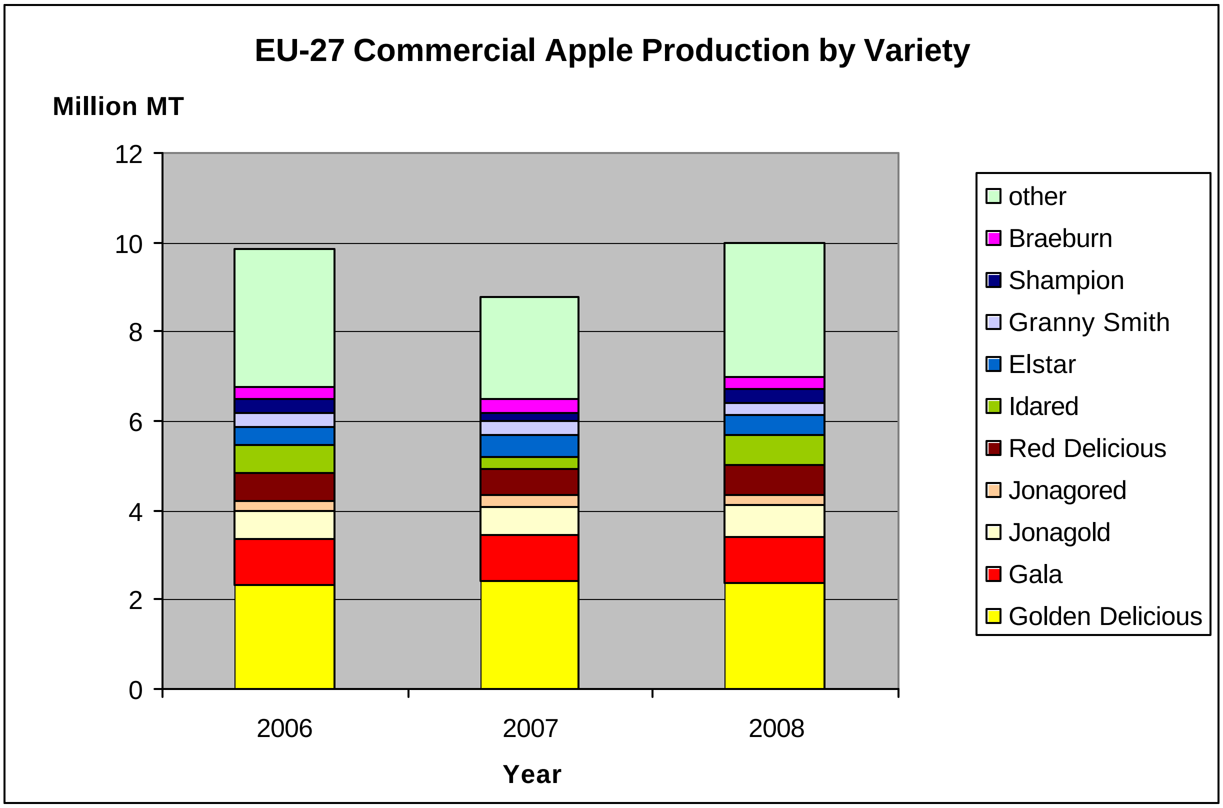
Apples - Commercial Production

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

COUNTRY	2006	2007	2008p	Change in percent	Percent of Total
Poland*	2,281,000	1,035,000	2,475,000	139%	24%
Italy*	1,991,000	2,142,000	1,992,000	-7%	20%
France*	1,707,000	1,787,000	1,682,000	-6%	16%
Germany*	948,000	1,070,000	945,000	-12%	9%
Spain*	660,700	667,700	696,300	4%	7%
Netherlands*	303,300	356,400	346,500	-3%	3%
Hungary*	359,345	132,000	344,750	161%	3%
Belgium*	322,200	322,200	289,800	-10%	3%
Portugal**	257,000	258,000	245,000	-5%	2%
Greece**	267,000	236,000	236,000	0%	2%
Lithuania**	190,000	196,000	194,000	-1%	2%
United Kingdom**	174,000	196,000	193,000	-2%	2%
Austria*	161,000	221,500	185,100	-16%	2%
Czech Republic*	160,000	113,000	144,000	27%	1%
Slovenia*	50,000	86,977	63,655	-27%	1%
Bulgaria**	65,000	60,000	56,000	-7%	1%
Latvia**	32,000	31,000	34,000	10%	0%
Slovak Republic*	31,000	18,000	34,000	89%	0%
Denmark*	27,000	32,000	26,000	-19%	0%
Sweden**	20,000	16,000	18,000	13%	0%
TOTAL EU-27	**10,006,545**	**8,976,777**	**10,200,105**	14%	

P= provisional
Source:
*FAS EU-27 offices,
**World Apple and Pear Association (WAPA) (as of August 2008)

Chart1: Commercial Apple Production in the EU-27 by Variety and Year in 1,000 MT



Note: Category "Other" includes among others the following varieties: Jonathan, Fuji, Lobo, Gloster, Cripps Pink, Cortland, Boskoop, Cox Orange, Morgenduft, Bramley, Reinette Grise du Canada, Pinova, Topaz, Gravensteiner, James Grieve, Glockenapfel, Ingrid Marie, Annurca, Areiane, Belgica, Diwa, Greestar, Cameo, Honey crunch, Jazz, Junami, Kanzi, Mariac, Rubens, tentation, Wellant
Source: FAS based on data from WAPA

Apples - Non-commercial Production

Most EU member states do not report estimates for non-commercial production (private gardens and meadows). As a result, the production figure provided in the above table 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. The reason is that during the fruit growing season, the trees are already developing the buds for next year's apple blossom and crop. In good years, the trees use most of the assimilates for fruit growth and have less available for bud development. Production in commercial orchards alternates or varies much less from year to year because good farming practices, such as thinning, are applied to ensure a more even production.

Non-commercial production includes apples grown in house gardens and production in meadows. 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 that is diverted into 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; lower prices generally result in less fruit going into processing.

Apples – Market Situation

Currently (November 2008) the situation on the table apple market looks rather bleak. High consumer prices at the retail level and good non- commercial production has hampered household purchases of apples this fall. In addition, because of lower prices for processing apples, weaker quality table apples have not found their way into the processing industry. This has put additional pressure on the producer prices for table apples. This is distinctly different than the situation a year ago when the processing sector absorbed large amounts of lower quality table apples. Also, Poland, by far the largest producer of apples in the EU-27 still has a shortage of modern (Controlled Atmosphere) storage facilities. Only large apple producers can afford the cost of such facilities. As a result, large amount of apples have to be exported to other EU member states and/or marketed before the end of the calendar year. In the new year, once the majority of Polish apples are off the market, the market situation is likely to improve all over the EU.

Stocks

Table 3: Preliminary Apple stocks in select EU countries on November 1 (MT)

Country / Variety / Year	2005	2006		2007	2008	Change 08:07 in%	
Total	**1,887,177**	**1,778,969**	**s**	**1,901,578**	**1,955,191**	**+**	**3**
By country							
Belgium 1)	46,398	45,785		58,453	58,824	+	1
Germany 1)	379,702	379,540		409,615	393,372	-	4
Italy 3)	720,684	719,760		750,830	791,164	+	5
The Netherlands	265,000	260,000		278,000	282,000	+	1
Austria 2)	164,786	134,254	s	141,466	140,011	-	1
Spain 4)	273,613	200,383		227,955	244,066	+	7
Czech Republic	36,994	39,247		35,259	45,754	+	30
By variety							
Golden Delicious	630,912	573,274	s	587,679	641,925	+	9
Jonagold types	241,792	226,032	s	247,747	224,423	-	9
Elstar	163,587	168,302	s	195,590	177,444	-	9
Gala types	139,724	116,035	s	155,435	161,945	+	4
Red Delic. Types	128,352	118,364		108,697	123,487	+	14
Braeburn	83,980	91,554	s	112,601	107,696	-	4
Jonagored	89,543	90,517	s	93,281	90,410	-	3
Fuji	57,537	51,711	s	68,118	72,522	+	6
Idared	76,684	72,172	s	61,702	66,195	+	7
Granny Smith	60,578	58,535		58,196	64,933	+	12
Boskoop	31,748	35,918		27,915	34,436	+	23
Pinova	13,371	15,741	s	19,650	21,800	+	11
Gloster	18,814	19,529	s	15,739	18,754	+	19
Morgenduft	18,984	18,009		16,367	16,157	-	1
Red Prince	.	8,386		15,633	15,151	-	3
Pink Lady	12,870	12,066		18,075	11,999	-	34
Holsteiner Cox	14,245	10,214		8,073	9,240	+	14
Shampion	9,700	6,770		6,730	7,622	+	13
Winsesap	7,795	8,429		4,588	7,343	+	60

Cox Orange	19,716	15,030		7,870	4,724	- 40
Arlet	3,315	2,742	s	3,034	3,631	+ 20
Cameo	.	1,906		3,814	3,155	- 17
Rubin	1,880	2,790		2,649	2,790	+ 5
Topaz	565	2,461		2,629	1,940	- 26
Ingrid Marie	2,370	1,844		1,385	1,925	+ 39
Rubens	133	104		953	932	- 2
Melrose	689	807		1,125	898	- 20
Spartan	514	354		906	614	- 32
Kronprinz Rudolph	1,871	924	s	886	516	- 42
Rubinette	1,027	725	s	618	373	- 40
Jonathan	129	150		57	28	- 51
Other apple varieties	54,753	47,574	s	53,838	60,184	+ 12

Notes: 1) Stocks at producer organizations. - 2) Styria region only. -
3) South Tyrol region only. - 4) Catalunia only
Source: ZMP based on: VBT, PT, Landeskammer für Land- u. Forstwirtschaft Steiermark, Handelskammer Bozen, SZIF, Catalonie Qualitat, ZMP.

Apples – Consumption

Consumer preferences

Apples are the most popular fruit in all MS, followed by bananas and citrus. However, a closer look within the apple segment does show differences in consumer preferences between MS, which are summarized in the table below.

Table 4: Consumer Preferences for Apples by Member State

Country	Color/Variety preference	Size preference
Czech Republic	Red or yellow apples Golden delicious, Rubin Bohemia, Idared	70-75 mm
Germany	Bicolor sweet/sour varieties such as Elstar and Jonagold	70-75 mm
Hungary	Red apples sell better than green apples but price is the main criteria	
Netherlands	Elstar, Jonagold/Jonagored, Granny Smith, Gala, Golden Delicious	
Poland	Non- sweet red varieties	Larger size (70/80/90 pieces in a 18 kg box)
Slovakia	Red varieties such as Rubin, Idared	70 mm
UK	Gala/Royal Gala, Braeburn, Golden Delicious, Granny Smith, Cox Orange (in descending order)	Smaller apples (65-70 mm)

Processing

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 that are used for processing varies significantly from member state to member state; 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 amounts to about 28 percent of total supply. Major MS with apple processing include Poland, Germany, Hungary, Italy, Spain, the Netherlands, and the U.K.

Apples – Trade

The majority of trade occurs with the EU-27 countries. On average about 2.2 million MT of apples are traded between EU member states, while roughly 900,000 MT are imported from outside the EU-27. In recent years imports from outside the EU contributed about 7 percent to the total apple supply on the EU market.

EU-27 external trade

Imports

More than 75 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. U.S. apple exports to the EU-27 occur year-round, however the majority arrives during the months of November through April. U.S. apples compete with domestically produced apples and with competitively-priced imports from China. For example, the average import price for U.S. apples in MY 2007/08 amounted to 1505 USD per MT, while Chinese apples only fetched 1184 USD[1].

The main importers of apples are The U.K. and the Netherlands, who together account for half of the EU-27 imports, however, it is safe to assume that much of the volume entering the Netherlands will not be consumed there but eventually be transshipped to other MS. The main importers of U.S. apples are the U.K., Finland, the Netherlands, Ireland, and Sweden.

During MY 2007/08 some 62,000 MT of apple imports consisted of processing apples from the Ukraine, Serbia, Croatia, Macedonia, and Moldova, which were imported mostly by Hungarian processing facilities that are located close to the border. With the recently low prices for processing apples, these imports are expected to be much smaller in MY 2008/09

Table 5: EU-27 Imports of Apples in MT

Country of Origin	MY 2005/06	MY 2006/07	MY 2007/08
Chile	211,870	200,994	182,513
South Africa	133,897	160,879	152,780
New Zealand	189,974	174,520	138,901
Brazil	50,692	103,854	86,032
Argentina	95,814	110,092	68,967
Macedonia	23,885	29,210	44,883
Serbia	1,517	1,541	41,214
China	32,333	46,284	34,631
United States	32,119	32,680	28,352
Ukraine	4,112	19	19,921
Croatia	1,664	426	16,411
Moldova	28,539	13,990	7,255
Uruguay	2,963	7,149	4,605
Canada	5,074	2,317	2,990
Switzerland	960	946	2,910

[1] Source: GTA

Other	6,785	3,876	5,784
World Total	822,198	888,777	838,149
Thereof processing apples	12,023	7,088	62,461

Source: Global Trade Atlas (GTA)

Exports

The top destinations for EU-27 apples are Russia, Ukraine, and Algeria. The largest EU exporters are Poland (mostly to Ukraine and Belarus), France (mainly to Algeria, Russia, and Saudi Arabia), and Italy (to Russia, Norway, and Libya).

The largest EU competitors on important markets for U.S. exporters include:
Russia: Poland, France, Italy, Belgium, and Germany
U.A.E.: France, Italy
Saudi Arabia: Italy, France

Table 6: EU-27 Exports of Apples in MT

Country of Destination	MY 2005/06	MY 2006/07	MY 2007/08
Russia	319,482	452,720	330,936
Ukraine	69,275	182,722	91,035
Algeria	78,195	59,219	79,177
Norway	35,099	29,939	37,036
Saudi Arabia	23,740	22,421	27,431
Belarus	63,069	50,760	27,071
Libya	18,370	17,936	19,019
Albania	26,153	22,245	15,840
United Arab Emirates	13,029	9,834	13,984
Croatia	19,735	15,335	13,514
Switzerland	9,369	13,580	9,880
Bosnia & Herzegovina	9,589	6,668	7,353
Melilla	15,573	6,600	7,025
Malaysia	4,472	724	6,382
Morocco	7,070	4,941	5,237
Other	62,412	64,525	58,129
World Total	774,632	960,169	749,049

Source: Global Trade Atlas (GTA)

EU-27 internal trade

Within the EU-27 Italy, France, the Netherlands, Belgium, and Poland exports substantial amounts of apples to other EU-27 member states mainly Germany, the U.K., the Netherlands, Spain, and Belgium.

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 (withdrawal from market). As of 2008, "withdrawal from market" is no longer available as a separate measurement but will have to be included as an emergency measurement in the producer organizations' operational program (OP). This means, the system moves 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, the member states authorities will in future only indirectly administer withdrawals from market via approval of the OP. Thus numbers about volumes are 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, labeling requirements please see the respective sections at the end of the report.

Pears
Coordinated by Sabine Lieberz/FAS Berlin

Table 7: EU-27 PSD for Fresh Pears (in ha, MT)

Marketing Year	2006/07		2007/08		2008/09	
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	07/2006		07/2007		07/2008	
Area Planted		138,178		138,523		140,924
Area Harvested		132,319		129,640		134,022
Commercial production		2,624,663		2,465,511		2,149,700
Non-commercial production		100,195		85,800		72,100
Total Production		2,724,858		2,551,311		2,221,800
Extra EU27 imports, fresh		342,381		322,981		390,000
TOTAL SUPPLY		**3,067,239**		**2,874,292**		**2,611,800**
Fresh domestic consumption		2,544,227		2,399,213		2,258,300
Extra EU27 exports, fresh		285,661		274,658		175,000
For processing		229,736		196,421		178,500
Withdrawal from market		7,615		4,000		-
TOTAL DISTRIBUTION		**3,067,239**		**2,874,292**		**2,611,800**

Source: FAS EU-27

Pears - Production

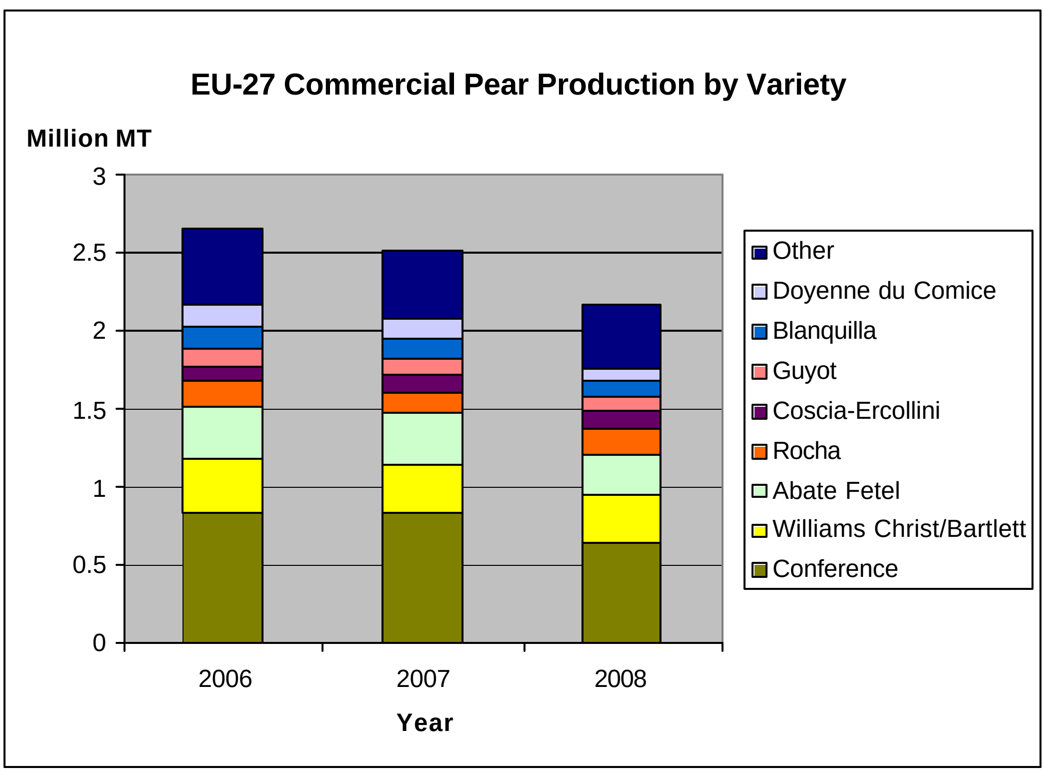
The top five producing MS (Italy, Spain, Portugal, France, and the Netherlands) account for 84 percent of the total EU pear production. Conference, Williams Christ/Bartlett, and Abate Fetel continue to be the major varieties grown in the EU-27 and together account for nearly half of the production.

Table 8: EU-27 Commercial Pear Production by Country and Year in MT

COUNTRY	2006/07	2007/08	2008/09p	Change In Percent	Percent of Total Production
Italy*	966,000	922,000	755,000	-18%	35%
Spain*	590,000	518,100	557,900	8%	26%
Portugal**	175,000	142,000	177,000	25%	8%
France*	223,000	200,000	159,000	-21%	7%
Netherlands*	210,600	229,500	153,000	-33%	7%
Belgium*	236,700	258,300	117,000	-55%	5%
Greece**	45,000	51,000	54,000	6%	3%
Poland*	45,000	25,000	53,000	112%	2%
Germany*	57,000	56,000	46,000	-18%	2%
Hungary*	32,839	11,799	34,075	189%	1.6%
United Kingdom*	27,000	29,000	25,000	-14%	1.2%
Slovenia*	n/a	7,501	6,000	-20%	0.3%
Denmark*	6,000	6,000	5,000	-17%	0.2%
Bulgaria**	4,000	3,000	3,000	0%	0.1%
Other	6,524	6,311	4,725	-25%	0.2%
TOTAL EU-27	**2,624,663**	**2,465,511**	**2,149,690**	**-13%**	

P= provisional
Source: *FAS EU-27 offices/ **World Apple and Pear Association (WAPA) (as of August 2008)

Chart 2: Commercial Pear Production in the EU-27 by Variety and Year in 1,000 MT



Source: FAS based on data from WAPA

Pears - Consumer preferences

Country	Color/Variety preference	Size preference
Netherlands	Conference, Doyenne du Comice	
Poland		Larger size (70/80/90 pieces in a 18 kg box)
UK		Slightly larger pears (60 mm)

Processing

The major use of pears for processing is for spirits (Williams Christ Schnapps), however some pears are used for juice production and canning. The share of pears that are used for processing is significantly lower than that of apples; ranging from zero percent in most member states to about 20 percent in Hungary and Slovakia. The variation from year to year is more pronounced than with apples. In individual MS the share can double or half from one year to another. The EU-27 average amounts to about 7 percent. Major MS with pear processing include Italy, the Netherlands, Spain, France, and Poland.

Pears – Trade

As with apples, the majority of trade occurs within the EU-27 countries. On average about 500,000 MT of pears are traded between EU member states, while roughly 350,000 MT are imported from outside the EU-27. In recent years imports from outside the EU contributed about 9 percent to the total pear supply on the EU market.

EU-27 external trade

Imports

Almost 75 percent of EU-27 pears imports originate from the top two suppliers, Argentina and South Africa. The top five suppliers account for 98 percent of total imports. The U.S. ranks at number five of extra-EU-27 suppliers. U.S. pear exports to the EU-27 usually occur between September and April with an emphasis between November and February. During this time frame U.S. pears compete with domestically produced pears and with competitively priced imports from China. For example, the average import price for U.S. pears in MY 2007/08 amounted to 1277 USD per MT, while Chinese pears only fetched 939 USD[2].

The main importers of pears are the Netherlands and Italy, who together account for half of the EU-27 imports. The main importers of U.S. pears are the Netherlands, Sweden, Germany, and the U.K.

[2] Source: GTA

Table 9: EU-27 Imports of Pears in MT

Country of Origin	MY 2005/06	MY 2006/07	MY 2007/08
Argentina	147,408	153,962	140,035
South Africa	95,835	110,037	97,603
Chile	49,382	47,370	51,957
China	16,939	20,345	21,681
United States	6,710	3,404	4,709
Turkey	3,878	1,807	2,129
New Zealand	1,631	2,228	1,927
Uruguay	2,107	2,254	1,425
Switzerland	371	304	865
Australia	213	82	307
Brazil	100	220	88
Korea South	312	150	82
Other	730	218	173
World Total	**325,616**	**342,381**	**322,981**

Source: Global Trade Atlas (GTA)

Exports

The top destinations for EU-27 pears are Russia, Norway, and Brazil. The largest EU exporters are the Netherlands (mostly to Russia and Norway), Belgium (mainly to Russia, Norway, and Belarus), and Italy (to Russia, Norway, and Libya).

The largest EU competitors on important 3rd markets for U.S. exporters include:
Russia: Belgium and the Netherlands
Brazil: Portugal and Spain

Table 10: EU-27 Exports of Pears in MT

Country of Destination	MY 2005/06	MY 2006/07	MY 2007/08
Russia	156,465	206,238	198,778
Norway	19,340	19,157	24,594
Brazil	9,167	14,311	10,113
Belarus	4,188	6,950	5,990
Croatia	5,361	6,472	5,693
Ukraine	816	3,203	4,443
Switzerland	4,244	4,818	4,089
Melilla	2,446	2,300	2,673
Libya	1,721	2,965	2,637
Bosnia & Herzegovina	1,471	3,278	2,379
Albania	1,872	3,059	1,387
Canada	1,338	1,466	1,178
Iceland	1,017	912	1,135
Morocco	424	758	1,046
Other	6,304	9,774	8,523
World Total	**216,174**	**285,661**	**274,658**

Source: Global Trade Atlas (GTA)

EU-27 internal trade

Within the EU-27 the Netherlands, Italy, Belgium, and Spain exports substantial amounts of pears to other EU-27 member states mainly Germany, the U.K., and France.

Pears – 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 (withdrawal from market). As of 2008, "withdrawal from market" is no longer available as a separate measurement but will have to be included as an emergency measurement in the producer organizations' operational program (OP). This means, the system moves 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, the member states authorities will in future only indirectly administer withdrawals from market via approval of the OP. Thus numbers about volumes are no longer available. Also, some member states (for example Germany) have opted to do away with intervention for fruits and vegetables altogether.

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 Juice
Coordinated by Ferenc Nemes/FAS Budapest

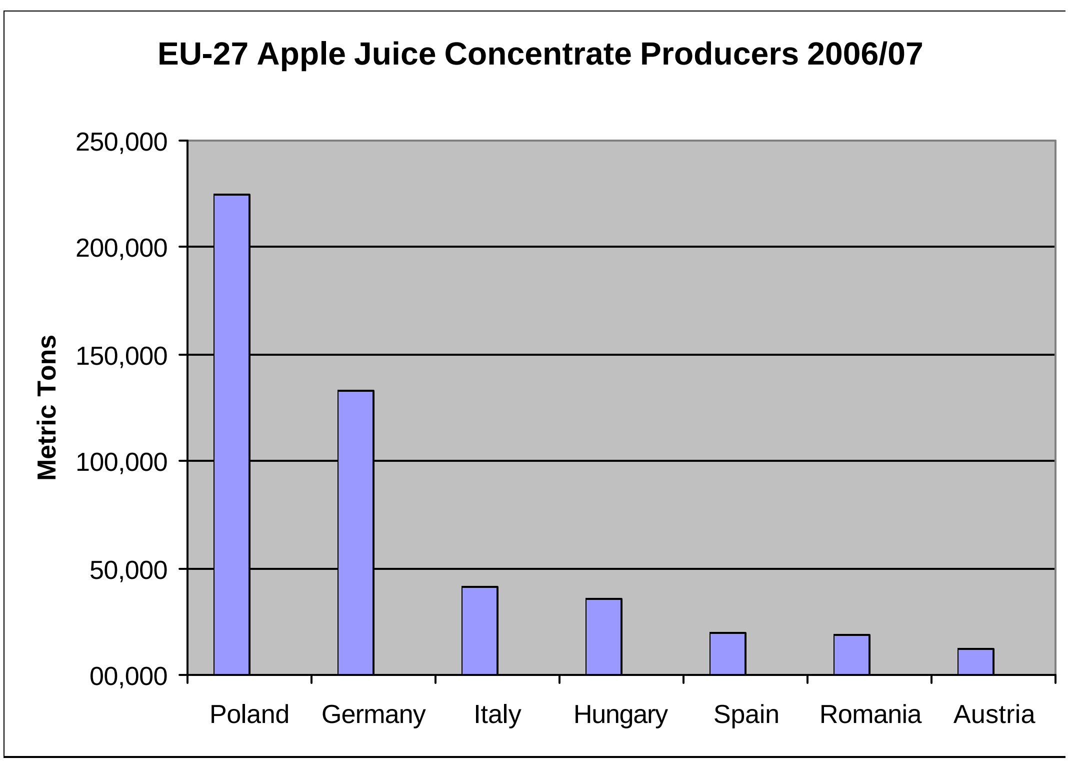
Table 11: EU-27 PSD for Concentrated Apple Juice (in MT)

Marketing year	2006/07		2007/08		2008/09	
Marketing Year Begin	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Deliveries to processors		3,215,341		2,495,170		3,122,455
Beginning stocks		16,243		20,716		29,891
Production		493,160		379,791		473,960
Extra EU27 imports		317,581		362,352		300,000
TOTAL SUPPLY		826,984		762,859		803,851
Extra EU27 exports		34,434		37,577		39,000
Domestic consumption		771,834		695,391		756,010
Ending stocks		20,716		29,891		8,841
TOTAL DISTRIBUTION		826,984		762,859		803,851

Source: FAS EU-27

CAJ - Production

Chart 3: Major CAJ Producing Member States in MY 2006/07



Source: Post estimates and industry data

The largest apple juice concentrate (CAJ) producers in the EU-27 are Poland, Germany, Italy, Hungary, Spain, Romania, and Austria. In MY 2006/07 the estimated combined EU-27 production of CAJ at 70 brix was 493,160 MT. The seven countries indicated in the chart above represented 98 percent of the total production.

In MY 2007/08, frosts and drought reduced apple production and consequently the CAJ output in several countries. Overall, EU apple processing and CAJ production dropped by 25 %. Damages and the subsequent reduction of output was the largest in Poland, Hungary, and Romania.

Outlook for MY 2008/09 indicates a large crop of good quality apples and increased CAJ production. According to industry sources the EU-27 CAJ production will rebound towards normal levels in MY 2008/09, but will not exceed the MY 2006/07 output. The good harvest prospects caused CAJ prices to drop over the summer of 2008, primaril;y because of abundant supplies.

It is difficult to separate the volume of apples used for CAJ production from the other food industry uses such as cider, preserves, wine/brandy, apple chips etc. Detailed breakdown is not available in most countries. In some of the leading producing countries (Poland, Hungary, and Romania) CAJ production is a main market for the fresh apples because of the availability of large volumes of industrial apples and limited alternative uses. In these countries, certain regions with a larger numbers of small and inefficient orchards rely on industrial apple production very much. In other countries, CAJ production serves as a channel for excess production or provides sales opportunities when CAJ prices are high. Because of increasing production costs and cheap non-EU imports, CAJ production is declining in many EU countries (for example the Czech Republic and Austria). Processing capacities (mainly multinational companies) has recently grown in the new Member States and in the neighboring non-EU regions (Moldova, Ukraine). In these countries industrial apples sources are available, and labor and other associated costs are lower than in Western Europe.

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 have typical sour taste vs. the “modern” table apple varieties dominating the variety mix of other countries (see the variety breakdown of fresh apple production earlier).

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 “sour” taste of apple juice preferred by customers. At the same time, the increased imports of cheaper but sweeter CAJ from China gained an important share in consumption. But the high acid European apple juice remained essential for the fruit juice industry for blending the sweeter Chinese CAJ, and the increasingly popular multi-fruit juice mixes.

Although CAJ imported from China is naturally sweeter and has a lower acidity, laboratory findings frequently show the presence of non-fruit sugar. Another quality issue is that CAJ originating from outdated factories in new EU member states often contain excessive amounts of iron. The source of it is the worn out and old processing equipment.

Patulin, a natural toxic chemical, may occasionally be found in apple juice samples. During seasons when fungus infestation damages the crop or when producers utilize fallen apples to exploit high prices, patulin in the CAJ product may be detected at levels that exceed the EU tolerance level (50 µG/kg).

CAJ - Consumption

The main use of CAJ is for apple or blended soft drinks. However, the volume of “not reconstituted” (NR) or “not from concentrate” juices, made directly of fresh fruit has been increasing. According to Euromonitor, sales of NR juices in the most quality conscious countries (Germany, Netherlands, UK, Austria) increased more than 20 percent annually between 2002-2007. The sales increase of NR juices was substantial even in Germany and Austria where the fruit and vegetable juice[3] sales decreased during the same period.

The preference for apple vs. other fruit juice depends on the culture and availability. An Euromonitor analyses shows that in Germany and Austria the share of apple juice sales at total pure fruit juices is 44% and 39.8 %, respectively. The share is also high in the Netherlands 28% or the UK 24.5 %. By contrast, apple juice sales in Italy and Spain accounted for only 5.7% and 4.0% of the fruit juice sales in 2007, despite the fact that both countries are strong producers and net exporters of CAJ. On the average, the EU preference for apple juice decreased from 18.2% to 14.2% between 2001 and 2007 while European consumers increased their purchases of multi-fruit and “berry” juices.

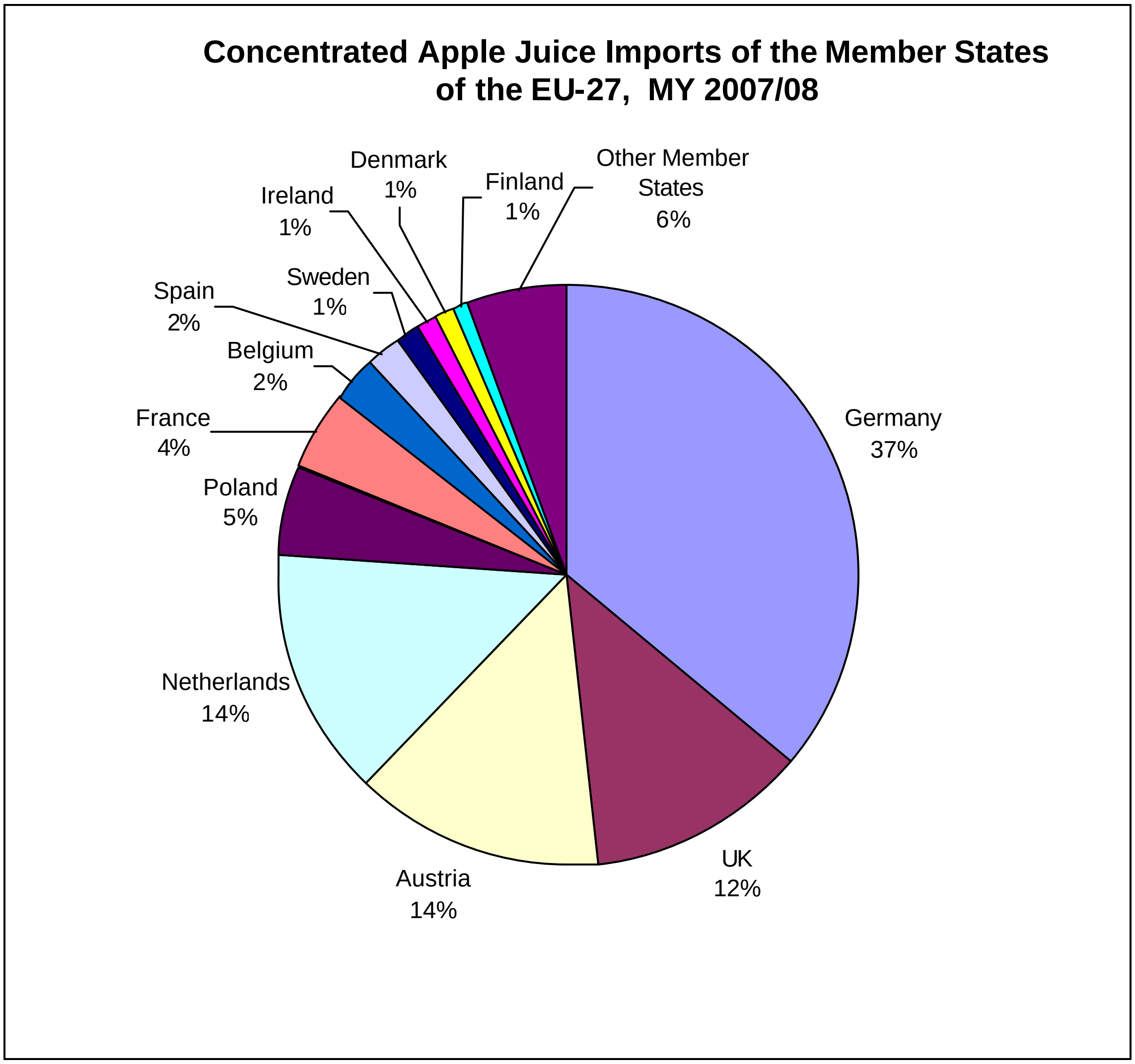
The non-juice use of CAJ continues to increase. Cider making is not only a competitor for the fresh apple basis, but a growing user of CAJ as well. The UK’s cider industry uses 6,000-7,000 MT imported CAJ annually[4]. Due to short supplies in MY 2007/08 Polish cider makers also replaced fresh apples with CAJ, due to limited availability of fresh apples. The food processing industry is also increasing their use of CAJ in baking, ice cream, and dairy products. The cosmetics and wellness industries have also increase their use of CAJ

CAJ - Trade

By volume and when including EU internal trade, the EU is the largest apple juice concentrate importer of the world, larger than even the United States. Major importers are Germany, Netherlands, Austria, the UK, and France. The eleven biggest importers of the EU-27 shown on the following chart represented 94 % of total CAJ imports in MY 2007/08.

[3] Pure, or 100% juices
[4] DEFRA UK, 2006

Chart 4: CAJ imports by country



Source: GTA

The majority of the imports originate from EU sources. Purchases from extra-EU countries were mainly from China in 2007/08, while the imports from Ukraine, Switzerland, Turkey, and Moldova were far smaller (see table below).

China's CAJ exports to the EU remained flat from MY 2006/07 (209,587 MT) to MY 2007/08 (208,522 MT). The stagnating imports from China and the reduced European production offered opportunities for Turkey, Moldova, Ukraine, Georgia and other smaller suppliers to increase their exports of CAJ to the EU in MY 2007/2008. While the total imports of the EU-27 increased by 14% in MY 2007/2008, purchases of Poland and Hungary multiplied in an attempt to compensate losses in domestic production.

The CAJ exports of the EU Member States declined in the last three years. CAJ sales of the Member States, similarly to imports, are destined mainly to the other European countries. Exports out of the EU were only 34,434 MT, in 2006/07 and 37,577 MT in 2007/08.

Germany and Austria are the largest CAJ exports in the EU. The biggest buyers of EU's CAJ in MY 2007/08 were Japan (11,869 MT), Norway (8,708 MT), Saudi Arabia (7,666 MT), and the U.S. (2,263 MT).

For MY 2008/09 a decline of non-EU imports is expected, partly because of increased prices and less availability of CAJ from China. Exports out of the EU-27 may increase as a result of special quality demands associated with exceedingly high prices on the target markets.

Table 12: EU-27 External CAJ Trade

Concentrated Apple Juice Imports of the EU-27, 2006/2007 and 2007/2008

	MY 2006/07		MY 2007/08	
Country	**MT**	**US$**	**MT**	**US$**
China	209,587	212,079,591	208,522	327,397,464
Switzerland	50,015	22,546,827	40,803	20,987,066
Turkey	23,271	34,893,637	37,263	93,969,425
Moldova	11,802	14,440,997	20,069	46,451,826
Ukraine	11,590	13,762,174	27,976	92,312,448
Georgia	1442	1,822,136	10,100	23,825,716
Iran	6,564	6,841,978	9,145	18,480,922
Croatia	1844	1,189,151	4,394	2,000,563
Brazil	ng.	ng.	2,353	3,995,711
Other Countries	1,466	1,741,608	1,727	3,490,267
Total Imports	317,581	309,318,099	362,352	632,911,408

Concentrated Apple Juice Exports of the EU-27, 2006/2007 and 2007/2008

Country	**MT**	**US$**	**MT**	**US$**
Japan	9,476	15,843,002	11,869	30,469,342
Norway	8,665	13,979,661	8,708	26,291,787
Saudi Arabia	5,526	9,738,961	7,666	20,114,261
USA	2,703	4,049,329	2,263	6,953,373
U. A. Emirates	2,294	3,936,776	2,120	5,288,945
Switzerland	2,112	3,320,261	1,929	4,684,418
Other Countries	3,658	5,479,684	3,022	7,675,880
Total Exports	34,434	56,347,674	37,577	101,478,006

ng. = negligible
MT = Metric Tons

Source: GTA

CAJ - Prices

The limited availability of industrial apples and CAJ in Europe in MY 2007/08 increased production costs and offered good opportunities for China and other competitors. Prices of Polish CAJ (which have a large influence on overall EU CAJ prices) were set very high in the first half of MY 2007/08. While Polish concentrate was priced at € 1,585-2,093 in August-September 2007, prices of CAJ from China were only € 1,000-1,220/MT in the same months. This scenario changed in May 2008, when reports forecast excellent fruit crop for MY 2008/09 resulting in a substantial decline in price in the EU.

Table 13: Prices for exported Polish Concentrated Apple Juice

July - December 2007 (in Euro/MT)

July	August	September	October	November	December	Jul-Dec Average
1,570	1,585	2,093	2,010	2,029	2,085	1,910

Prices for exported Polish Concentrated Apple Juice
January - June 2008
(in Euro/MT)

January	February	March	April	May	June	Jan-Jun Average
2,053	2,037	2,063	1,815	1,669	1,395	1,764

Due to high commercial stocks of CAJ, prices started to drop to € 700-800 /MT by the start of the 2008 processing season (August - November). Crushing apple prices, which processors derive from CAJ prices, are decreased in MY 2008/09.

Crushing apple prices were € 0.17-0.20/kg in Hungary, € 0.14-0.16/kg in Poland in 2007. The corresponding prices of this season are only € 0.06-0.08/kg in Hungary and € 0.05-0.07/kg in Poland. In Poland and Hungary where CAJ production is the only market for many growers, producers staged demonstrations for higher prices and increased government support.

In Germany, the excellent quality of table apples and the large prices gap between table and processing apples reduced the interest to divert second grade table apples to CAJ processing. The € 0.08/kg industrial apple price reported from Germany often cannot even cover the costs of harvest, thus, many non-commercial orchards may remain un-harvested. As a result, industry forecasts moderate decline of CAJ production in Germany in MY 2008/09.

Table Grapes
Coordinated by Sandro Perini/FAS Rome

Table 14: EU-27 PSD for Fresh Table Grapes (in ha, MT)

Marketing year	2006/07		2007/08		2008/09	
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin		**06/2006**		**06/2007**		**06/2008**
Area Planted (Ha)		137,300		137,300		138,000
Area Harvested (Ha)		134,000		134,200		134,500
Commercial production		2,153,800		1,853,800		2,240,000
Non-commercial production		100,000		120,000		110,000
Total Production	-	2,253,800	-	1,973,800	-	2,350,000
Total imports	-	617,686	-	601,484	-	600,000
TOTAL SUPPLY	-	2,871,486	-	2,575,284	-	2,950,000
Fresh domestic consumption		2,484,199		2,269,110		2,550,000
Total exports	-	137,287	-	136,174	-	140,000
For processing		150,000		150,000		150,000
Waste and Loss		100,000		120,000		110,000
Withdrawal from market		0		0		0
TOTAL DISTRIBUTION	-	2,871,486	-	2,575,284	-	2,950,000

Source: FAS EU-27

Table Grapes - Production

The European Union is one of the leading world producers and at the same time importer of table grapes for fresh usage. Most of its production is concentrated in just three member states, namely Italy, Spain, and Greece. These three together on average account for between 90 and 95 percent of the total EU-27 production. Area planted to table grapes in the EU has been continuously decreasing in the recent past. An estimated 30 percent of table grape vines were abandoned from 1993 to 2003, mainly due to the reduced profitability of this crop, poor yields, high input costs, along with growing competition on the export markets, as well as rising pressure from imports. This was particularly true in Spain, where during that period about one third of table grape vines were uprooted. Italy has also been affected by the above situation, worsened by a difficult market trend (very low farmers' prices while production costs were continuing to grow) and a crop quality not always meeting the requirement of domestic and European demand, especially from the leading supermarket chains. More recently, however, the downward trend of planted area has halted, mainly due to the increased profitability, despite the still very strong competition from other leading suppliers on the EU market.

The production estimate for the MY 2008/09 commercial crop production is still preliminary and amounts to 2,240,000 MT. Thus substantially rebounding after the relatively poor MY 2007/08 production, when adverse weather affected the yields, especially in Italy, the leading EU producing country. This year, on the contrary, weather in Italy was virtually ideal for this crop. The reduced amount of rain during most of the marketing year prevented the attack of some typical grape pests. Ripening, coloring and sugar content reached satisfactory levels in almost all the major Italian producing regions. Table grapes in Italy are usually produced using a plastic film cover, in order to control sunlight and temperature, allowing the farmers to obtain early production and to delay the harvest of some varieties to December. The breakdown of table grape production in Italy by variety is unofficially estimated as follows:

Table 15: Breakdown of Grape Varieties Grown in Italy

Variety	%
Italia	70
Regina	10
Victoria	5
Red Globe	5
Matilde	3
Palieri	3
Sugraone	2
Others	2
TOTAL	100

The leading variety *Italia* allows yields up to 35/40 MT per hectare, and therefore high incomes to the growers. Seedless varieties in Italy do not represent more than 4 to 5 percent of total production, despite the fact that demand from northern Europe as well as certain segment of Italian domestic consumers, such as the younger generation and most of the immigrants, prefer them. Yields of seedless varieties planted in Italy currently reach the maximum level 20 to 25 tons per hectare, although their prices are substantially higher than those of the seeded grapes. As a result the Italian growers continue to be oriented to plant the traditional, seeded varieties (first of all the "Italia" variety), even though most observers believe that the future development of the Italian table grape sector can only be oriented towards an expansion of seedless grape cultivation. In Italy the two regions where the most table grapes are grown are Apulia (almost 70 percent of the total) and Sicily (25 percent).

In Spain table grape vineyards are concentrated in three regions, Valencia, Murcia, and Andalusia. The traditional, high yielding varieties in Spain include *Italia* and *Aledo*, while *Napoleon*'s popularity is decreasing, because of its lower yields. During the most recent years, however, there have been significant investments in restructuring and conversion to more competitive, mainly seedless varieties. Spanish grapes are harvested and marketed into the European market mostly during June-August, with a peak in July, when the Italian crop of the "Italia" variety is not yet ready to be marketed. Table grape production in Spain for MY 2008/09 is reported virtually at the same level of the previous year, but below the levels reached in both MY 2005/06 and MY 2006/07.

In Greece, table grape production for fresh consumption in MY 2008/09 is estimated slightly over last year's volume, although quality is not reported as good as in 2007. Fresh seedless table Sultanas are mostly grown in the regions of Corinth and Crete. While last year the Cretan crop was badly affected by excessive heat, this year (MY 2008/09) prolonged drought and intensive hail storms negatively affected the Corinthian crop. At the same time, growing input costs (mainly for fertilizers) have discouraged farmers to implement appropriate cultivation practices, thus reducing average grape quality. Seedless varieties represent about two thirds of total Greek table grape production. Greek grapes (both seedless and seeded) are mainly marketed in Europe during late July through the end of September.

Table Grapes - Consumption

After years of decline total EU-27 fresh grape consumption seems to have stabilized at around 2.3/2.5 million tons, although still fluctuating in function of the domestic crop trend. Imports from third countries, normally coming in the first half of the calendar year from the southern hemisphere represent approximately one forth of total consumption. Starting in June and throughout the end of the year, EU grape consumption mostly consists of the domestic crops, along with important quantities coming from North Africa and Turkey. Italy is not only the main table grape producer but also the main consumer in the EU, with a share of almost one third of the total. This volume, as mentioned above, almost exclusively consists of seeded traditional varieties, since the minor amounts of seedless grapes produced in Italy are mainly shipped to northern Europe. Following behind Italy, the main consumers of table grapes are Germany, the UK, and France. In Germany the consumers' preference is mainly for seedless varieties (coming from third countries as well as Spain and Greece), although the Italian seeded varieties still represent about one third of total consumption. The consumption share of seeded varieties is more in favor of the Italian grapes in France, with a share of about two thirds. In the U.K., on the contrary, consumption of seeded grapes is minimal, given the strong preference for the seedless grapes of any origin.

Table grapes, as well as most of the horticultural products in the current globalized market, are available in the EU year round, especially in northern Europe, where the competition from other season fruits (such as citrus, kiwis and strawberries) is weaker during the winter and spring. In the Mediterranean countries, on the contrary, where production of those fruits is huge, consumption of grapes is more tied to the actual development of domestic supplies and concentrated during the summer and fall.

Table Grapes – Trade

Table 16: EU Imports and Exports of Table Grapes by Origin and Destination

EU/27
IMPORTS OF TABLE GPAPES (Metric Tons)
Marketing Year June-May

Country of origin	2006/07	2007/08
South Africa	185,498	161,376
Chile	177,805	189,094
Brazil	43,514	57,327
Argentina	43,626	18,467
Egypt	32,259	38,624
Turkey	44,220	38,269
India	31,632	35,640
Namibia	14,895	13,490
U.S.	6,716	9,586
Morocco	10,974	9,549
Other countries	26,547	30,092
TOTAL	**617,686**	**601,484**

Source: GTA

EU/27
EXPORTS OF TABLE GPAPES (Metric Tons)
Marketing Year June-May

Country of destination	2006/07	2007/08
Russia	38,128	38,773
Switzerland	23,778	30,724
Ukraine	25,120	21,986
Norway	12,069	13,681
Croatia	8,765	8,789
Bosnia –Herzegovina	6,134	5,328
Belarus	4,213	3,431
Albania	5,192	2,636
Other countries	13,888	10,828
TOTAL	**137,287**	**136,174**

Source: GTA

The EU is a net importer of table grapes with imports exceeding exports more than four times by volume. Imports into the EU were valued, on average of the last three years, about 1.1 billion dollars, while the export value averaged only some 130 million dollars. Intra-EU trade, as well, is very large. Considering only the volumes of grapes originating from the three leading producers (Italy, Spain and Greece) the quantity of grapes traded to other EU countries ranges between 500,000 and 600,000 tons per year. Technically, the intra-EU trade figure should include grape exports from the Netherlands to other EU countries (around 200,000 tons per year), but these quantities refer to shipment from outside the EU and transshipped through the Dutch ports.

The major suppliers into the European market come from the southern hemisphere, where production is counter-seasonal to the EU, with South Africa and Chile in a leading position. Other important suppliers are Turkey and Egypt, which take advantage of their climate and have their crops available somewhat earlier than Italy. Imports from the U.S. are negligible, and are mainly directed to the U.K. market. The largest EU importing countries are Germany, the U.K. and the Netherlands, but while the first two countries are also the largest consuming nations (after Italy), the Netherlands, as said above, is mainly a trans-shipping point. As a matter of facts, the Netherlands re-exports about three fourth of its imports.

Table grape exports outside the EU are pretty stable and represent only a very minor share of total supplies. The major destinations are other European countries that are not members of the Union.

Table Grapes - Price Table

Table 17: Average Growers' prices in Italy (Euro/kg)

Variety	Marketing Year	June	July	Aug.	Sept	Oct.	Nov.	Dec.
Italia	2006/07	-	-	0.73	0.51	0.41	0.27	0.28
	2007/08	-	0.80	0.68	0.51	0.45	0.39	0.47
	2008/09	-	1.15	0.68	0.47	0.39		
Victoria	2006/07	1.21	0.82	0.49	-	-	-	
	2007/08	1.32	0.83	0.53	-	-	-	
	2008/09	1.19	0.73	0.51	-	-	-	
Red Globe	2006/07	-	-	-	0.38	0.35	0.32	-
	2007/08	-	-	-	0.43	0.45	0.29	0.14
	2008/09	-	-	-	0.54	0.49		
Seedless grapes	2006/07	-	-	0.79	-	-	-	-
	2007/08	-	0.94	0.65	-	-	-	-
	2008/09	-	0.95	0.70	-	-	-	-

Source: Agricultural marketing Institute, ISMEA

As can be seen growers' prices of *Italia* (the leading table grape variety) during current marketing year have remained generally lower than last year, due mainly to the large domestic supplies.

In Greece farmers' prices of *Sultanas* for fresh usage started the season with 0.90 Euro/kg, then dropped down to 0.50/0.70 Euros in the later months, while prices of the 2007 crop had averaged some 0.60 Euros

Policy

Coordinated by Tania DeBelder/USEU Brussels

Common Market Organization for Fruits and Vegetables

The EU Common Market Organization for Fruits and Vegetables (CMO) was last reformed in 2007 with Council Regulation 1182/2007. The reform aims to bring the F&V sector in line with other agricultural sectors that have already been reformed under the Common Agricultural Policy (CAP). The old-style production-linked payments are to be replaced by decoupled payments. The shift from production support to direct aid to producers is designed to improve the competitiveness, market orientation and sustainability of the sector. The new CMO entered into force January 1, 2008. Commission Regulation 1580/2007 lays down rules for the implementation of the reform.

For further details on the CMO for fruits and vegetables please refer to report E48001, which can be accessed at: http://www.fas.usda.gov/gainfiles/200801/146293410.pdf

Reform of the EU Common Agricultural Policy (CAP)

With the CAP reform the EU moved from production related payments single area payments. However, member states could opt to keep some of the production related payments in place for a transition period. In the fruit and vegetable sector this mostly refers to aid for processing. On "Overview of the implementation of direct payments under the CAP in Member States" can be found at:
http://ec.europa.eu/agriculture/markets/sfp/pdf/2008_01_dp_capFVrev.pdf

Fruit School Scheme

When the Commission adopted the reform of the Fruit and Vegetable regime, a key objective was to reverse the declining consumption of fruit and vegetables. Overall, the consumption of fruit and vegetables has been falling in the EU, but the situation is especially worrying among children. The World Health Organization recommends 400g a day of fruit and vegetables, but a report for the Agriculture Committee of the European Parliament found children's intake falling below this. The lack of available produce is apparently one of the factors responsible for the low consumption of fruit and vegetables by children. As a result, weight problems and obesity are increasing in the EU especially among young children: an estimated 22 million overweight children in the EU, more than 5 million of these are obese and this figure is expected to rise by 400.000 every year.

Following the conclusions from the Commission's White Paper "A Strategy for Europe on Nutrition, Overweight and Obesity related health issues", a European School Fruit Scheme (SFS) seemed to be a step in the right direction against Child obesity. The Council asked the Commission to come forward with a proposal for a European School Fruit Scheme based on an impact assessment in the context of the reform of the Common Market Organization (CMO) for Fruit and Vegetables and which was adopted on July 8, 2008.

The Commission to set up a SFS that comprises the following elements:

- **Free distribution of fruits and vegetables** in schools. The Commission's proposed budget is €90 million to co-finance the supply of fruit and vegetables in schools (core age group 6-10). Community co-financing will be at 50% and 75% in convergence regions;
– **Accompanying measures:** Member States are obliged to develop a strategy at national or regional level to implement and integrate a SFS into the school curriculum the best way

possible. As part of the implementation it would be obligatory to highlight the EU involvement. The accompanying measures would primarily be nationally financed;
– **Networking activities** to stimulate information exchange and knowledge among SFS actors and public awareness;
– **Promotion of agricultural products** which could be supported in the framework of the EU promotion of agricultural products;
– **Monitoring and evaluation** to establish solid data for further research on the effectiveness of a School Fruit Scheme in different variants and for the exchange of "best practices".

All schemes would consequently include the three elements: free distribution of fruit (and/or vegetables) in schools, a series of accompanying measures, and monitoring and evaluation.

On November 19, the Agriculture Council reached a political agreement on the commission's proposal for a European Union-wide scheme to provide fruit and vegetables to school children. European funds worth €90 million every year will pay for the purchase and distribution of fresh fruit and vegetables to schools. The European Commission believes that €90m is a suitable starting budget and the system will be reviewed after 3 years. The scheme will begin at the start of the 2009/2010 school year. Information and documents on the School Fruit Scheme are available on internet at: http://ec.europa.eu/agriculture/markets/fruitveg/sfs/index_en.htm

Import Licences

To ensure a timely transmission of statistical data on EU apple imports, particularly for imports originating from the Southern Hemisphere, the EU requires imported apples to have an import license. For details on the system please refer to report E36009, which can be accessed at: http://www.fas.usda.gov/gainfiles/200601/146176623.pdf

Maximum Residue Levels for Fruits

Maximum Residue Levels (MRLs) for pesticide have been harmonized throughout the EU, and new legislation on the approval of pesticides is being developed. For detailed up-to-date information please visit: http://useu.usmission.gov/agri/pesticides.html

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 % of the respective EU MRL.

Certification of Fruit Shipments

Unlike animal products, certification of plants and plant products is not harmonized in the EU. Phytosanitary certificates, issued by an APHIS inspector, are required to accompany shipments. APHIS issues phytosanitary certificates in accordance with the international regulations set down 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. An overview of EU mandatory and voluntary certificates can be found at: http://useu.usmission.gov/agri/certificates-overview.html

Council Directive 2000/29/EC[5] 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.

[5] http://eur-lex.europa.eu/LexUriServ/site/en/consleg/2000/L/02000L0029-20060210-en.pdf

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[6] provides for plant health checks to be carried out at reduced frequency where this can be justified. Starting September 1, 2005, EU member states are authorized to reduce the frequency of inspections on imports of U.S. apples (see GAIN report E35173).

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 over 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.

A study assessing the impact of changing the EPS is currently being conducted and the result of the impact assessment is expected by the end of this year. 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 the U.S. The U.S. tends to sell high quality products, which means that the goods come at a relatively high entry price and do not face any additional duty. Replacing the EPS with fixed tariffs could result in higher ad valorem duties.

Tariff levels for 2009 are published in EU regulation 1031/2008. For details please refer to: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:291:0001:0894:EN:PDF
Apples see pages 87 and 688-690
Pears see pages 88 and 690-692
CAJ see pages 156/157 and 873
Grapes see pages 87 and 687

[6] http://eur-lex.europa.eu/LexUriServ/site/en/oj/2004/l_313/l_31320041012en00060009.pdf

Marketing
Coordinated by Sabine Lieberz/FAS Berlin

Marketing standards

In order to facilitate fruit and vegetable trade, the EU has marketing standards in place for a variety of products. While specific marketing standards for 26 types of fruits will be repealed effective July 1, 2009, those for apples, pears, and grapes will remain in place.

The marketing standards also regulate the labeling of produce. The labeling must be at least in the language of the country where the produce will be put on the market. Multi-language labels are permitted.

“Each package must bear the following particulars in letters grouped on the same side, legibly and indelibly marked, and visible from the outside”:

A. Identification
- Packer and/or dispatcher: Name and address or officially issued or accepted code mark. However, where a code (symbol) is used, the words "packer and/or dispatcher" (or an equivalent abbreviation) must appear close to this code (symbol).

B. Nature of produce
- “Apples”/”Pears”/"Table Grapes", if the contents are not visible from the outside;
- Name of the variety or, where applicable, varieties.

C. Origin of produce
- Country (or, where applicable, countries) of origin and, optionally, district where grown, or national, regional or local place name.

D. Commercial specifications
- Class.

E. Official control mark (optional)

Consolidated versions of the EU standards can be accessed at:
Apples: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2004R0085:20080531:EN:PDF
Pears: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2004R0086:20040520:EN:PDF
Table grapes: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:1999R2789:20050106:EN:PDF

Industry Certification

The number of food scandals that occurred in Europe in recent years involving various commodities - including fresh produce - has prompted the food industry to come up with various programs to ensure the safety of the traded food. While these programs are voluntary, the majority of retail chains in the UK and Germany require certification.

For fruits and vegetables the most common program throughout the EU-27 is the GlobalGap certification (formerly EurepGap). In Germany, some retailers prefer the Q+S system. While Q+S is a three tier system that involves everyone who handles the produce from producers, to wholesalers, and the retail chains, GlobalGap mainly focuses on the producer level and is often supplemented by the IFS (International Food Standard) on the wholesalers level. A major component of both systems is the extensive documentation requirement for all stages of the production process.

Both systems/standards are open to international producers provided that they comply with the system and obtain a certification. Also a simultaneous certification for Q+S and GlobalGap is possible at the producer level.

For more information please visit:
www.globalgap.org
http://www.q-s.info/QS-for-Fresh-Fruit-Vegetables-and-P.96.0.html?&L=1

Trade fairs

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: Germany/EU/Central & Eastern Europe Good venue for exhibiting fresh and dried fruit, nuts and related products http://www.fruitlogistica.de	Next Fair: February 04-06, 2009	U.S. Pavilion Organizer: B*FOR International Tel: (540) 373-9935 Fax: (540) 372-1414

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 19-22, 2009	U.S. Pavilion Organizer: B*FOR International Tel: (540) 373-9935 Fax: (540) 372-1411

Background information on the EU

The EU currently consists of 27 member states: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, France, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, the United Kingdom. The EU was founded in and expanded in various steps, the last two occurred in 2004 and 2006. In 2004, 10 new member states joined the EU namely Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia. Bulgaria and Romania joined in 2006.

Currently the EU has a population of 497 million. The distribution per member state is illustrated below.

Chart 5: Distribution of EU-27 Population by Member State

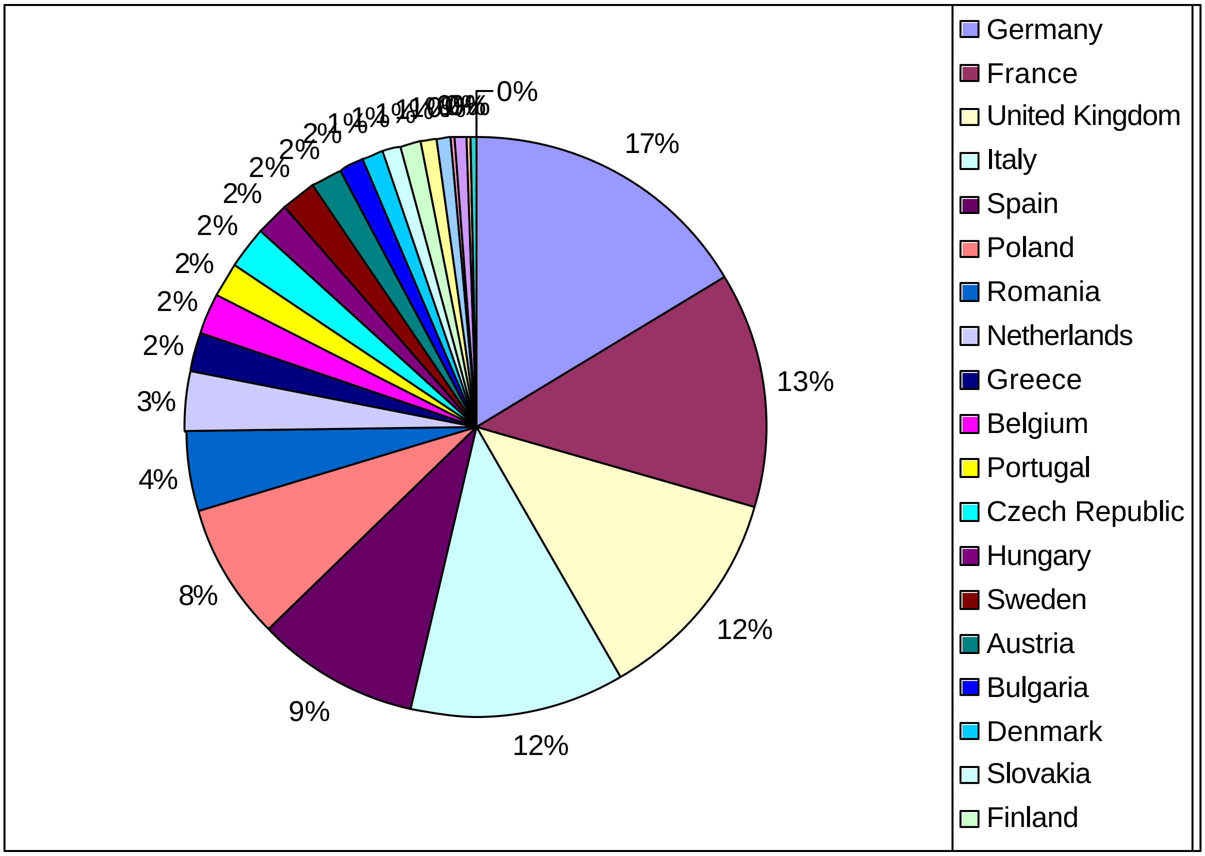


Table 18: EU-27 Population and GDP per Person by Member State

Country	Inhabitants			Country	GDP per Person (in Euro)
Germany	82,221,808	p		Luxembourg	75,600
France	63,753,140	p		Ireland	43,700
United Kingdom	61,185,981	p		Denmark	41,500
Italy	59,618,114	p		Sweden	36,300
Spain	45,283,259			Netherlands	34,600
Poland	38,115,641			Finland	34,000
Romania	21,528,627			United Kingdom	33,700
Netherlands	16,404,282			Austria	32,600
Greece	11,214,992	p		Belgium	31,500
Belgium	10,666,866			France	29,800
Portugal	10,617,575	p		Germany	29,500
Czech Republic	10,381,130			Italy	25,900
Hungary	10,045,000	p		Spain	23,400
Sweden	9,182,927			Greece	20,400

Austria	8,331,930		Cyprus	20,000
Bulgaria	7,640,238		Slovenia	17,100
Denmark	5,475,791		Portugal	15,400
Slovakia	5,400,998		Malta	13,200
Finland	5,300,484		Czech Republic	12,300
Ireland	4,419,859	p	Estonia	11,400
Lithuania	3,366,357		Slovakia	10,200
Latvia	2,270,894		Hungary	10,100
Slovenia	2,025,866		Latvia	8,800
Estonia	1,340,935		Lithuania	8,400
Cyprus	794,580	p	Poland	8,100
Luxembourg	483,799		Romania	5,600
Malta	410,584	p	Bulgaria	3,800
EU-27 Total	**497,481,657**	**ps**	**EU-27 Total**	**24,900**

Note: Inhabitants on January 1, 2008, GDP per Person in 2007
P = provisional
S = Eurostat estimate
Source: Eurostat

Related reports:

Country/ Report Number	Date	Title
EU-27 horizontal reports		
USEU E48108	09/29/2008	EU Certification Guide -Update http://www.fas.usda.gov/gainfiles/200809/146295939.pdf
USEU E48001	01/07/2008	Market Development Reports - Fruit and Vegetables http://www.fas.usda.gov/gainfiles/200801/146293410.pdf
Member State Reports		
Hungary HU8003	10/02/2008	Apple Producers' Demonstration Ends in Hungary http://www.fas.usda.gov/gainfiles/200810/146296009.pdf
Spain SP8007	05/14/2008	Semi-Annual http://www.fas.usda.gov/gainfiles/200805/146294633.pdf
Greece GR7018	01/11/2008	Annual http://www.fas.usda.gov/gainfiles/200801/146293445.pdf
Italy IT8001	01/03/2008	Annual http://www.fas.usda.gov/gainfiles/200801/146293414.pdf
UK UK7038	12/14/2007	Annual http://www.fas.usda.gov/gainfiles/200801/146293475.pdf
Slovakia LO7007	12/07/2007	Annual http://www.fas.usda.gov/gainfiles/200801/146293422.pdf
Spain SP7034	11/21/2007	Annual http://www.fas.usda.gov/gainfiles/200711/146293075.pdf
Hungary HU7010	11/09/2007	Annual http://www.fas.usda.gov/gainfiles/200711/146293097.pdf
Poland PL7053	10/25/2007	Apples and Concentrated Apple Juice http://www.fas.usda.gov/gainfiles/200710/146292839.pdf
Germany GE7041	08/25/2007	Prospects for the German Apple Market http://www.fas.usda.gov/gainfiles/200708/146292254.pdf