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Sweden

Fresh Deciduous Fruit

Apples and Pears in Sweden

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Report Highlights:
Domestic apple production is expected to be down 10 percent on 1997, while pear production is forecast up 50 percent. Imports of apples and pears -- which usually supplies 80-90 percent of the Swedish market -- were valued at $91 million in 1997. The U.S. supplied 3 percent of apples and 14 percent of pears. The U.S. Anjou pear has a strong market hold Nov-Feb and providing the dollar does not grow too strong should maintain this share. The U.S. apple outlook is less bright as it must compete with the strong and favored produce from EU common market sources.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

This report covers apples and pears. The Swedish apple and pear market totaled SEK 1,806 million (USD 236 million) at retail level in 1997. Apple and pear imports to Sweden make up 20 percent by value of the fresh fruit import, amounting to USD 90.6 million in 1997. The U.S share of apple imports ranges from 3-5 percent, while the U.S. (mainly Anjou) pear has a stronger hold of the Swedish market and maintains 14-17 percent.

The Fruit sector is regulated according to the EU Common Agricultural Policy since EU accession in 1995. This means that U.S. fruit competes with the free trade fruit within the EU. European apples are indeed the strongest competition, although southern hemisphere production is also competitive when in season to the more expensive U.S. fruit stored under controlled atmospheric conditions.

The European apple crop 1998 is expected to be only slightly less than last year but with a greater proportion sold as eating apples. This means that the outlook for U.S. apples is not very bright, however for pears the outlook is better. Competition to the U.S. Anjou pear is not really present in the EU. The U.S. Anjou is considered outstanding in quality and will likely maintain its market share although the high dollar rate may cause disruptions.

The domestic commercial apple crop for 1998 is estimated at 20,000 tons, which is 10 percent lower than the excellent crop of 1997. The pear crop estimate is 1,500 tons, up 50 percent on 1997. The quality is good and sizes are somewhat smaller than last year.

The three to five year outlook is that domestic production will be relatively stable to somewhat increasing. U.S. imports will continually depend on the European crop - estimated to increase over time - and the dollar rate, which at present is very high against the Swedish crown.

Every three years a more comprehensive horticultural production study is undertaken in Sweden. The most recent was conducted in 1997 covering 1996 year's production. In the interim, data availability is limited and reliability cannot be ensured.

Exchange rates used: Average, 1997: 1USD=7.64
Average, August 1998: 1USD=8.13

Apple Production

Apple is the dominant commercially grown fruit crop in Sweden, covering 75% of the total fruit crop area (1,668 ha in 1996). Domestic apple production in 1998 is estimated at about 20,000 tons, which is 2,000 tons less than the very good year of 1997. The 1998 crop quality is expected to be good. Non-commercial harvest is difficult to estimate and a weak point in the PSD. No official estimates have been made since 1990, when the estimate was 67,900 tons of apples - 3.7 times the commercial production. We feel that this figure is high and maintain the estimate of 40-50,000 tons non-commercial harvest - a figure often mentioned but not confirmed.

The commercial crop area, which decreased in 1995 (due to application of CAP clearing subsidies) is now relatively stable. Most of this area is irrigated. After a few years of good prices, there is optimism in the Swedish fruit business and production will likely increase in 5-10 years. Older producers are clearing apple orchards while others are planting. New plantings are mainly put to Ing-Marie, Aroma, Discovery and Cox Orange.

Table 1. Apple PSD

PSD Table						
Country:	Sweden					
Commodity:	Apples					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		01/1996		01/1997		01/1998
Area Planted	1820	1668	1820	1668	0	1668
Area Harvested	1820	1668	1820	1668	0	1668
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	17638	17053	19400	22168	0	20000
Non-Comm. Production	50000	45000	50000	50000	0	45000
TOTAL Production	67638	62053	69400	72168	0	65000
TOTAL Imports	83299	83299	85000	91427	0	92000
TOTAL SUPPLY	150937	145352	154400	163595	0	157000
Domestic Fresh Consump	144246	138663	147900	157046	0	150500
Exports, Fresh Only	1691	1689	1500	1549	0	1500
For Processing	5000	5000	5000	5000	0	5000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	150937	145352	154400	163595	0	157000

Apple Trade

Table 2 . Apple Imports and U.S. share 1995-1997

Calender Year	Total Imports		U.S. share, %	
	tons	'000 SEK	by vol.	by value
1995	84,307	450,100	3.8	4.4
1996	83,373	486,900	4.5	5.0
1997	91,607	505,400	2.9	3.2

In total 91,600 tons of apples, valued at SEK 505.4 million (USD 66.1 million) were imported to Sweden in 1997. The U.S. supplied 2,263 tons of apples, which is down 30 percent from 1996. The factors behind this decline is beside a strong dollar, a loss in popularity for Red Delicious - the main variety imported from the U.S. Royal Gala, Fuji and Braeburn are winning market shares from Red Delicious according to importers. Total imports of fresh fruits to Sweden declined in 1997 by 3 percent while U.S. fruit imports dropped by 7 percent in value. Nonetheless the U.S. is rated 5th most important trade partner in the area of fresh or dried fruits and nuts in 1997, supplying goods for a value of SEK 343,4 million (USD 44.9 million) to Sweden.

Note: There is a slight discrepancy in trade figures in table 1 and 2 due to differing sources. Table 1 is souced from Statistics Sweden whereas other tables are built on extracts from the UN trade data system.

Table 3. Apple Import Trade Matrix

Import Trade Matrix			
Country:		Units:	Metric tons
Commodity:			
Time period:			
Imports for	1996		1997
U.S.	3770	U.S.	2623
Others		Others	
France	23446	France	25666
Netherlands	14115	Netherlands	16113
Italy	9285	Italy	15366
Chile	8145	Germany	6563
New Zealand	6179	Argentina	5902
Argentina	6091	New Zealand	5006
Germany	4664	Chile	4956
Belgium	1405	Austria	2067
Austria	1113	Belgium	1916
Total for Others	74443		83555
Others not listed	5086		5249
Grand Total	83299		91427

Table 4. Apple Export Trade Matrix

Export Trade Matrix			
Country:		Units:	Metric tons
Commodity:			
Time period:	CY		
Exports for	1996		1997
U.S.	0	U.S.	0
Others		Others	
Finland	1537	Finland	1152
Germany	71	Norway	252
Norway	58	United Kingdom	134
Netherlands	20	Netherlands	11
Poland	3		
Total for Others	1689		1549
Others not listed			
Grand Total	1689		1549

Pear Production

Table 5. Pear PSD

PSD Table						
Country:	Sweden					
Commodity:	Fresh Pears					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		01/1996		01/1997		01/1998
Area Planted	248	242	248	242	0	242
Area Harvested	248	242	248	242	0	242
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	1200	1281	1000	1076	0	1500
Non-Comm. Production	5000	11000	3000	10000	0	14000
TOTAL Production	6200	12281	4000	11076	0	15500
TOTAL Imports	33660	33661	35000	34503	0	31000
TOTAL SUPPLY	39860	45942	39000	45579	0	46500
Domestic Fresh Consump	39770	45853	38900	45465	0	46400
Exports, Fresh Only	90	89	100	114	0	100
For Processing	0	0	0	0	0	0

Pear production is very limited and the area put to pear orchards was only 242 ha (11 % of fruit crop area) in 1996. The harvest in 1997 totaled 1,076 tons, according to the Swedish Association of Horticultural Producers. Five varieties make up 75 percent of the pear crop. These are in order of importance, Conference, Herzogin Elsa, Clara Frijs, Alexander Lucas and Pierre Cornielle. For 1998 the harvest estimate of the commercial crop is 50 percent higher than 1997, 1,500 tons. The non-commercial harvest is again not officially estimated but we have estimated it at 5-7,000 tons, as in previous years.

Pear Trade

Table 6. Pear Imports and U.S. share 1995-1997

Calender Year	Total Imports		U.S. share, %	
	tons	‘000 SEK	by volume	by value
1995	28,292	159,500	13.8	14.7
1996	33,679	181,800	14.3	16.5
1997	34,522	186,900	14.2	17.5

The U.S. supplied 4,893 tons of pears in 1997, which is approaching a fifth (in value) of the total imports of pears. The U.S. Anjou has a strong hold of the top end of the market. Swedish consumers find it by tradition outstanding and from the beginning of November to the end of February, imports are relatively secure although to a certain degree dependant on the dollar rate. As of March the fresh southern hemisphere Anjou is preferred as it is cheaper and crisper than the CA-stored northern hemisphere pear. The present high dollar rate (X)relative the Swedish crown, may lead to decreased imports of U.S. pears if it stabilizes.

Table 7. Pear Import Trade Matrix

Import Trade Matrix			
Country:		Units:	Metric tons
Commodity:			
Time period:	CY		
Imports for	1996		1997
U.S.	4819	U.S.	4893
Others		Others	
Netherlands	9442	Netherlands	12601
France	4536	Belgium	3277
Italy	3919	Chile	3137
Chile	3826	France	2966
Argentina	3076	Italy	2790
Belgium	1958	Argentina	2159
Spain	781	Spain	1053
Germany	728	Germany	973
Finland	50	Finland	202
Total for Others	28316		29158
Others not listed	526		452
Grand Total	33661		34503

Table 8. Pear Export Trade Matrix

Export Trade Matrix			
Country:		Units:	Metric tons
Commodity:			
Time period:	CY		
Exports for	1996		1997
U.S.	0	U.S.	0
Others		Others	
Norway	44	Norway	58
Finland	41	Finland	42
Germany	2	France	10
Latvia	1	Estonia	4
Russian Feder.	1		
Total for Others	89		114
Others not listed			
Grand Total	89		114

Consumption

The National Board of Agriculture (BoA) estimates food consumption each year and the total consumption of commercial apples and pears together is shown below. On average a Swede consumes 14-15 kg of commercial apples and pears per annum, and consumption increased by 10 percent from 1996 to 1997. In addition, a figure often mentioned is that 40-50,000 tons of home production is consumed.

We have added bananas and melons in the table for comparison as decreased consumption of one fruit may lead to increased consumption of another. For example, when bananas became very expensive in 1995, pear sales picked up. Banana prices have since decreased but not stabilized.

Table 9. Consumption of commercial fruit according to the BoA, metric tons

Product	1994	1995	1996	1997
Apples and pears	130,900	119,300	122,900	135,200
Bananas and melons	179,000	174,300	164,500	177,000

Production policy

The EU policies apply as stipulated in EU directive 2200/96, the idea being to strengthen the sector through support to processing and marketing. Grower's associations can apply for program support of an amount up to 4 percent of their sales value - providing the organization puts in the same amount of funding. The national limit is 2 percent of the turnover of all the growers' associations. In 1999 the percentages will be increased to 4.5 and 2.5 percent respectively.

As in 1995, when 141 ha of apple orchards were taken out of production with EU support, another 40 ha of apples and pears have been cleared in 1998 with a support of SEK 43,293 per hectare(USD 5,325). Sweden had applied for a greater uprooting quota but was only granted 40 ha.

Although support for apple/pear production itself is not offered, support of SEK 7000 per hectare (USD354/acre) is available for organic fruit growers. The government has set a goal for 10 percent of the total crop area to be put to organic production, at present only 2 percent of the Swedish fruit orchards are certified organic (by KRAV - a member of IFOAM - more information available in Market Brief #SW8009).

Investment support of 17.5- 21.5 percent of investments relating to processing and marketing is available (1/3 national funds and 2/3 EU financed). So far, grants for just over SEK28 million (USD 3.7 million) have been approved. The amount earmarked for horticultural producers is SEK 9.7 million (USD 1.2 million) for 1998 and 1999. Investments will likely lead to improved storage capacities.

Around 80 percent of the commercial fruit crop area is grown according to the concept of Integrated Production (IP), which aims at minimizing the risk for environment and health, although not being organic. Some packers and buyers require that the fruit is a product of IP, although this has not yet had impact on the price. As of 1999, IP fruit is required for the marketing label "SVENSKODLAT" ("grown in Sweden").

Marketing

Significant for the Swedish market is the high degree of integration in the daily consumption goods trade and distribution. Three organizations, ICA, KF and Dagab control around 80 percent of the market. ICA is the largest organization with 2,220 privately owned stores. Each store is free to purchase from any wholesaler, nonetheless over half of the goods are bought through the ICA wholesale companies. KF (consumer cooperative) purchases goods from the U.S. through a buying company jointly owned by the Consumer Cooperatives in the Nordic countries, Nordic Andelsforbund CA, Inc, located in San Mateo, California. For imports of fruits, two organizations dominate; ICA (including Viking Fruits) and Saba Trading (including KF and recently taken over by Dole).

According to a major importer/retailer, ICA, Anjou campaigns are carried out every year at retail level. There is also interest in promotional activities for U.S. apples as they are of excellent quality and do deserve to maintain their place on the market. However, for the past couple of years there seems to be lack of interest from the U.S. side.

Another importer feels that promotional activities for U.S. Burre Bosc pears could be worthwhile. The period for imports from the U.S. is November to February, which should be kept in mind when planning promotion.

There have been repeated problems with the obligatory quality inspection of imports from the U.S. relating to the classification of fruit. The EU quality classification system is based on the UN system but unfortunately U.S. produce is not always labeled with a harmonized classification. For smooth handling UN harmonized classification of fruit is recommended.

Although the market for organic fruit is very small, it is growing strongly. Imports are expected to increase for IFOAM accredited certified organic fruit (the KRAV- label is almost a must for the swedish organic market). Reportedly the U.S. already supplies organic apples. More specifics on this can be found in the GAIN report #SW8009 of June 29, 1998, Market Brief: Organic Products.

Swedish consumers are getting more and more environment/health conscious in their choice of food. Distributors and retail try to achieve marketing advantages riding on this concern. The Integrated Production quality guaranty - meaning minimum use of pesticides is one example. Recently, one of the major fruit distributors initiated a Life Cycle Analysis (LCA) on apples, aiming at comparing the environmental load and energy flows of the domestic apple, the french apple and the New Zealand apple - looking at the whole production/transport chain. Conclusions were that the domestic apple was most energy-efficient when considering the whole chain and caused least negative load on the environment. The French apple caused the greatest environmental load due to pesticides, whereas the N.Z. apple was in total the most environmentally questionable when excluding the pesticide effects. If analyzes of this sort come to influence consumers' and importers' choice of apples it may have negative implications for U.S. apples. On the other hand there may also be LCA results that forward U.S. produce over other exporting countries.