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Fresh Deciduous Fruit Annual-Revised

1999

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Report Highlights: The United States continues to be a major supplier of high quality apples to the UK. U.S. exports to the UK in 1998 were over 37,000 MT, an increase of 32 percent over 1997. The United States supplies pears to the UK specialty variety pear market. U.S. exports to the UK declined to 1,069 MT in 1998 due to unfavorable U.S. prices.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
London [UK1], UK

Executive Summary

We are forecasting UK apple production for 1999/00 to increase around seven percent from 1998/99 to 186,500 MT. According to the trade, production should increase because of good growing conditions.

Total imports are expected to be down slightly in 1999/00 to reflect increased domestic production. Imports from the United States should remain relatively strong as U.S. quality and color are considered very good by the trade. The United States generally provides red apples for the top end of the UK market. However, some in the trade indicate that U.S. apples could be constrained in the short term by oversupply in the UK market. Exports in 1999/00 from the UK are expected to be around 18,000 MT, going mostly to other EU countries. UK apple exports are generally used in juice production.

1999/00 UK pear production is forecast to decline slightly to 23,500 MT because of frost damage during bloom. Imports are expected to be around 134,000 MT in 1999/00, while exports should be around 3,500 MT. U.S. exports of pears to the UK are generally constrained by EU competition, the perishability of the product, and high transportation costs. The United States supplies pears to the specialty variety pear market in the UK for which there is little EU competition. However, U.S. exports to the UK fell to 1,069 MT in 1998 from 1,421 MT in 1997 because of high U.S. prices.

3 to 5 year Outlook

The climate in the UK is generally not favorable for the production of high quality apples. Thus, production should continue its historic decline as marginal producers leave the business. Demand for apples should stay relatively stable or increase slightly. U.S. apple exports to the UK should continue to grow, particularly at the top end of the market.

The United States is taking advantage of the popularity of red apples in the UK, particularly in the north of England, Scotland and Northern Ireland. This popularity, backed by innovative promotional campaigns of the Washington Apple Commission and the US Apple Export Council, has added to increased US apple exports to the UK.

The United States should continue to export pears to the UK for the specialty variety market.

SECTION I. SITUATION AND OUTLOOK

Production

Apples

The major UK dessert apple varieties in commercial production are Cox, Discovery, Worcester, Egremont Russet, Jonagold, Gala and Fiesta. Other varieties include Crispin, Idared, Spartan, Grenadier, Lord Lambourne and Golden Delicious. The main culinary variety is Bramley with the secondary variety being Harrogate Wonder. The main growing areas are Kent and East Sussex, accounting for 59 percent of total apple production, Suffolk with 11 percent, Wisbech and Cambridgeshire accounting for 8 percent, Worcester with 2 percent, and other areas accounting for the remaining 20 percent of apple production.

Total production for 1999/00 is expected to increase to around 186,500 MT with production of most varieties expected to increase. The trade believes that quality this season will be good. The hot summer has been good for sugar levels. Rain during August increased the tonnage while warm days and cold nights enhanced the appearance of the fruit. In addition, there has been little damage from frost or hail.

The following table shows production by variety based on total harvested crop.

Variety (1,000 MT)	MY 1996/97	MY 1997/98	MY 1998/99
Dessert apples:			
Cox	77.6	42.9	54.6
Worchester Pearmain	3.5	3.0	3.1
Discovery	5.3	2.1	5.5
Early Season	3.2	2.4	2.5
Mid Season Desserts	6.3	3.6	8.0
Late Season Desserts	20.5	17.0	26.2
Total Dessert Apple	116.4	71.0	99.9
Culinary apples:			
Bramleys Seedling	103.6	63.2	71.1
Early Season	0.9	0.8	.9
Mid/Late Season	2.4	1.7	2.0
Total Culinary Apples	106.9	65.7	74.0
Total Apples	223.3	136.7	173.9

Area

As can be seen from the following table, total area for 1998/99 has decreased over 25 percent from 1996/97. The reason for the decline is that the marginal producers are leaving the business.

Variety	1996/97 HA	1997/98 HA	1998/99 HA
Dessert apples:			
Cox	5,035	5,028	4,091
Worcester Pearmain	282	294	244
Discovery	562	603	465
Early Season	288	266	225
Mid Season Desserts	512	511	515
Late Season Desserts	1,573	1,574	1,437
Total Desserts	8,252	8,276	6,977
Culinary Apples			
Bramleys Seedling	5,094	4,951	2,819
Early Season	116	98	93
Mid/Late Season	174	147	138
Total Culinary	5,384	5,196	3,050
Total Crop Area	13,636	13,472	10,027

Yields

Crop yields for 1999/00 generally look good with little frost or hail damage. Fruit size, color and skin finish are expected to be good in 1999/00.

Production Policy

UK Government and trade sectors lean towards free market movement of world apple supplies. The UK Government maintains a policy of not providing direct subsidies to growers. However, UK industry groups are looking for the EU government to authorize grubbing grants to reduce production in the EU.

The trade believes that as much as 500,000 MT of apples could go into intervention in the EU. The UK has generally not participated fully in intervention. For example, in the UK, only 62 tons went into intervention two years ago and 200 MT went into intervention for the last growing season. However, thus far this growing season, 700 tons have gone into intervention and the industry believes that several thousand tons of apples could be offered into intervention during the crop year. The reasons for this increase are low domestic prices coupled with increased European and Southern Hemisphere supplies.

In May, 1999, the UK industry formed a new committee to coordinate promotional activities for English apples. The group is funded by a voluntary levy paid for by individual growers. Under the new structure, English apples will be promoted as a whole, rather than emphasis being given to different varieties. The promotional group has initiated activities to increase the presence of English apples such as point-of-sale material and leaflets in stores.

Prices for domestic fruit has fallen significantly over the last year because of world oversupply.

Pears

The UK pear varieties are Conference, Comice, Concorde and Williams. Growing areas in order of production importance are Kent and East Sussex, Essex and Hertfordshire, Hereford, Wisbech, Worcester and Warwickshire.

Pear production is expected to decline in 1999/00 to 23,500 MT. Unfortunately, frost damage during bloom caused a decline in production. However, according to the trade, the quality is excellent.

Conference is the dominant variety accounting for around 70 percent of production. The volumes of Concorde remain comparatively small, however, its production is set to increase significantly over the forthcoming seasons. The variety has proved to have good cropping and storage qualities.

The following table shows production, based on total harvested crop, by variety.

Variety (1,000 MT)	1996/97	1997/98	1998/99
Conference	34.3	22.5	22.0
Williams Bon Chretien	0.6	0.3	.3
Comice	4.0	1.1	1.9
Others	1.2	0.5	.8
Total Pears	40.1	24.4	25.0

Crop Area

Variety	1997/98	1998/99
Comice	375	338
Concorde	173	186
Conference	1,969	1,541
Williams	90	68
Other Pears	18	21
Total Pears	2,625	2,154

Crop Quality/Weather

Crop quality and sizing are expected to be excellent for 1999/00. Skin finish is also expected to be good, aided by the low levels of pear sucker after regular and ample rain.

Production Policy

Similar to apples, prices for domestic and imported pears have been static over the last three to four years because of world oversupply.

Consumption

Apples

The supply of UK apples in 1999/00 is expected to grow because of the increase in domestic production. 1999/00 fresh market consumption is forecast at 594,500 MT, with apples destined for processing projected at 24,000 MT. Utilization of apples for processing is split between baked goods (apples pies & tarts), apple sauce, baby food (apple puree), fruit yogurt, apple juice and cider. The UK has the lowest per capita consumption rate in Western Europe at 14 kg per annum, which shows that there is room for growth in the market.

Generally, demand for particular apple varieties varies from region to region. In the south, Cox and Royal Gala are the major varieties, but the further north one goes, Golden Delicious and red varieties become increasingly important. According to the trade, children prefer sweet, highly colored varieties like Empire and Royal Gala, while Braeburn seems popular with the adults. Bi-colored varieties are showing the most growth. In general, adult consumers prefer sweet apples, but with enough acid to give them some bite.

Pears

The 1999/00 supply of pears is forecast at 157,500 MT, a slight increase from 1998/99. Imports should more than offset a decline in production.

1999/00 fresh market consumption is forecast at 153,500 MT, a slight increase over 1998/99. Around 400 MT should go into processing for 1998/99, primarily for yogurt and baby food manufacture. Per capita consumption of pears is estimated at 2 kg per annum.

Trade

Apples

Imports for 1999/00 are forecast at 450,000 MT, down slightly from 1998/99 because of the increase in domestic production. The main varieties of imported apples in the UK market are Granny Smith, Golden Delicious, Red Delicious, Cox, Jonagold, Elstar, Fuji, Braeburn, Gala and Empire. The main apple varieties imported from the United States are Red Delicious, Empire and McIntosh. Pink Lady has become popular in the UK market over the last two years because of high quality and competitive prices. Given consumer demand for multiple apple varieties and supply sources, imported apples continue to compete favorably at retail level, albeit frequently at a premium price over domestic fruit. A comparison of imported versus domestic apple prices is given below.

SOURCE OF ORIGIN	VARIETY	PENCE PER KG		
		1997	1998	1999
UK	Discovery	13	13	10
France	Golden Delicious	61	47	50
South Africa	Granny Smith	76	56	39
USA	Red Delicious	65	64	43

Source: UK Fresh Produce Journal, prices quoted on 8/14/97, 8/15/98 and 8/13/99

Overall Trade Trends

France continues to be the dominant supplier to the UK, accounting for 202,477 MT in 1998. Imports from the United States were 37,873 MT, up significantly from 1997. In addition, from January-May, 1999, exports of US apples to the UK increased 20 percent to 22,000 MT over the same period in 1998. South Africa continues to be the dominant third-country supplier to the UK, accounting for 101,029 MT in 1998, or around 22 percent of total UK imports.

Ireland continues to be the UK's largest single export market, taking 11,344 MT in 1998. According to official sources, a large percentage of UK exports goes into making juices in other EU countries.

Factors Affecting U.S. Trade

The United States continues to have a significant presence in the UK, primarily in the upscale market supplied by supermarkets. Because the United States is seen as supplying quality fruit, the product commands a premium. Demand is further helped by the fact that the UK is generally not a price sensitive market.

Market opportunities continue to be strong for U.S. apples in the years to come. The high value of the pound make imports attractive. Industry sources state that organic apples are becoming more popular in the UK because of growing consumer food safety concerns. However, some in the trade believe that U.S. exports may be constrained in the short term by the oversupply of apples in the UK market.

Domestic production, although improved over last year, continues its historic downward trend. According to the trade, the growing climate is not generally not ideal for producing high quality apples. As a result, the more marginal growers are leaving the industry. The marketing programs for US cooperators have also been very successful.

Pears

1999/00 UK pear imports are forecast at 134,000 MT, a slight increase over 1998/99. Imported pears account for around 85 percent of the total supply. Major suppliers to the market are the Netherlands, France, South Africa, Bel-Lux and Italy. The main varieties of imported pears are Packham's Triumph, Conference and Williams.

As can be noted in the trade matrix, the Netherlands, followed by South Africa, Bel-Lux and France were the major suppliers to the UK market in 1998. Imports from the United States were 1,069 MT, down slightly from 1997 because of higher prices. US exports of pears generally are constrained by EU competition, the perishability of the product, and high transportation costs. However, the United States supplies pears for the specialty variety market in the UK where there is little EU competition. UK exports continue to go almost entirely to other EU countries with Ireland being the largest single market.

Policy

Tariffs

The UK, in line with other EU countries, has its import duty established under the EU Harmonized Tariff Schedule. With the implementation of the GATT agreement, previous reference prices have been replaced by the Entry Price System. The Entry Price is set for each consignment of a particular product from each country of origin.

Non-Tariff Barriers

Quality, Safety & Health Regulations

The UK, in line with other EU member states, conforms to the EU Quality Standards on all fresh produce for which standards have been applied. Each EU standard prescribes minimum marketing requirements and up to three quality classes: Extra Class, Class I, and Class II. EU/UK Miscellaneous Additives legislation permit the use of Beeswax White, Beeswax Yellow and Shellac, as glazing agents/waxes on apples & pears. In addition to compliance with EU/UK Quality Standards and Food Additives legislation, all fresh deciduous fruit is subject to the EU/UK Pesticides (Maximum Residue Levels in Food) regulations.

Import Requirements

In line with other EU member states, the UK conforms to EC Commission Regulation 2251/92 - Third Country Quality Inspection Services for Fruits and Vegetables. Under the terms of this regulation, all shipments coming from third countries that do not have a certified quality inspection service are subject to inspection at EU ports of entry. Sporadic quality inspections have been in effect in several EU members states, in particular the UK, for some time. Under the terms of the EC Plant Health Directive 77/93, third country apple and pear shipments to the EU must have phytosanitary certification.

Marketing

Apples

Market Development Opportunities

MAP funding, enabling the U.S. apple industry to carry out advertising and promotion activities in the UK, has helped increase consumer awareness and ultimately demand for U.S. apples. It will be necessary to maintain these efforts given the oversupply situation in the EU and the considerable competition in the UK market place from both domestic and foreign promotion. (There are 23 other supply nations in total and over 40 different commercial varieties.) The UK produce marketing organizations undertake considerable public relations and in-store promotional activities to boost sales and consumption of British fruit. This will be of benefit to the apple market in general, since there is a movement to encourage supermarket chains to sell fresh produce at premiums rather than as loss leaders.

The UK season falls into three distinct periods:

* The fall (August 1 to December 31) when local UK and other European apples are normally available in large quantities. Several local varieties do not store well, and there is insufficient storage capacity. Added to this, Southern Hemisphere fruit still is available in volume so usually there is a glut on the market.

* The winter (January 1 to March 31) when local pressure subsides.

* The spring and early summer (April 1 to July 31) when local apple supplies are reduced dramatically and the imports from the Southern Hemisphere countries are just beginning.

U.S. apples need to be promoted when they first appear in the fall to attract consumers to the varietal change from Southern Hemisphere fruit. U.S. apples have their best opportunity in the winter period, though demand does continue from September right through to early May.

A major competitive advantage for U.S. apples over European apples is the range and quality of red and red bi-color apples produced in the distinctive North American climate. However, competition remains from Canada (British Columbia and Ontario) and there is cultivation of some red varieties being developed in Europe.

Marketing Channels/Distribution

While some supermarket retailers will purchase direct from U.S. supply sources, generally through a buyer/broker stationed in the United States, the majority of retailers buy through a UK importer. Fruit destined for the wholesale market, greengrocer trade (retail fruit & vegetable shops) and restaurant/hotel trade is procured via an importer.

Competitive Activities

Our major competitors (France, South Africa, New Zealand and to a lesser extent Australia) continue to run heavy trade and consumer advertising campaigns, and below-the-line promotion campaigns such as in-store tastings, distribution of point of sale material, public relations and trade and consumer exhibitions. English Apples and Pears Ltd - a UK grower run operation - in conjunction with the grower groups continued sizeable promotion campaigns (TV, radio and press advertising) for British apples.

Pears

Market Development Opportunities

Narrative given under Apples marketing channels applies to pears.

Competitive Activities

Our major competitors, South Africa, the Netherlands, France and Italy continue to run heavy trade & consumer press advertising campaigns, in-store demonstrations, participation in national and international trade and consumer exhibitions and distribution of point of sale materials.

SECTION II. STATISTICAL TABLES

PS & D Tables

Apples

PSD Table						
Country	United Kingdom					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Area Planted	14100	11897	14075	10100	0	10100
Area Harvested	13473	11897	13600	10027	0	10000
Bearing Trees	11654	11570	11764	11592	0	11560
Non-Bearing Trees	542	1946	411	411	0	400
Total Trees	12196	13516	12175	12003	0	11960
Commercial Production	110712	112752	174000	174011	0	186500
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	110712	112752	174000	174011	0	186500
TOTAL Imports	438944	438944	400000	461846	0	450000
TOTAL SUPPLY	549656	551696	574000	635857	0	636500
Domestic Fresh Consump	515233	521273	529000	591323	0	594500
Exports, Fresh Only	19207	19207	20000	19734	0	18000
For Processing	15000	11000	24800	24800	0	24000
Withdrawal From Market	216	216	200	0	0	0
TOTAL UTILIZATION	549656	551696	574000	635857	0	636500

Pears

PSD Table						
Country	United Kingdom					

Commodity	Fresh Pears				(HA)(1000 TREES)(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Area Planted	2775	2625	2775	2154	0	2154
Area Harvested	2625	2625	2625	2154	0	2154
Bearing Trees	1880	2046	1933	1933	0	1933
Non-Bearing Trees	107	146	54	54	0	54
Total Trees	1987	2192	1987	1987	0	1987
Commercial Production	24400	24726	24950	24950	0	23500
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	24400	24726	24950	24950	0	23500
TOTAL Imports	119871	132774	120000	132411	0	134000
TOTAL SUPPLY	144271	157500	144950	157361	0	157500
Domestic Fresh Consump	138182	154695	139500	153472	0	153500
Exports, Fresh Only	5589	2255	5000	3389	0	3500
For Processing	400	400	400	400	0	400
Withdrawal From Market	100	150	50	100	0	100
TOTAL UTILIZATION	144271	157500	144950	157361	0	157500

Trade Matrices

Apples

Export Trade Matrix			
Country	United Kingdom		
Commodity	Fresh Apples		
Time period		Units:	
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Ireland	10991	Ireland	11344
Netherlands	1736	Netherlands	689
Germany	849	Germany	2869
France	768	France	514
Spain	364	Spain	6
Austria	301	Bel-Lux	315
Bel-Lux	2304	Russia	3983
Italy	636		
Russia	781		
Singapore	353		
Total for Others	19083		19720
Others not Listed	124		14
Grand Total	19207		19734

Import Trade Matrix			
Country	United Kingdom		
Commodity	Fresh Apples		
Time period		Units:	

Imports for:	1997		1998
U.S.	28641	U.S.	37873
Others		Others	
Chile	12767		18365
Australia	2294		2381
Bel-Lux	3962		7096
Brazil	776		2765
France	210613		202477
Germany	3109		4770
Italy	10176		9719
Netherlands	18254		28523
New Zealand	61261		32900
South Africa	72307		101029
Total for Others	395519		0
Others not Listed	14783		13948
Grand Total	438943		51821

Pears

Export Trade Matrix	Fresh Pears	Units: MT	
Exports for:	1997		1998
U.S.		U.S.	

Others		Others	
Ireland	2852	Ireland	1727
France	797	France	508
Germany	260	Germany	442
Bel-Lux	587	Bel-Lux	335
Netherlands	1055	Netherlands	190
Greece	8	Sweden	145
Canada	29	Switzerland	40
Austria	29		
Total for Others	5617		3387
Others not Listed	11		2
Grand Total	5628		3389

Import Trade Matrix			
Commodity	Fresh Pears	Units: MT	
Imports for:	1997		1998
U.S.	1421	U.S.	1069
Others		Others	
France	8806	France	5702
Bel-Lux	14301	Bel-Lux	15794
Netherlands	37486	Netherlands	60073
Italy	9263	Italy	10810
Portugal	10797	Portugal	4068
South Africa	24930	South Africa	24256
Chile	3632	Chile	2524
New Zealand	934	New Zealand	1450
		China	1117
		Spain	2963
Total for Others	110149		128757
Others not Listed	8301		2585
Grand Total	119871		132411

Price Tables

Apples

Prices Table	Fresh apples		
Prices in	pence	per	kg
Year	1998	1999	% Change

Jan	69	54	-21.74%
Feb	72	54	-25.00%
Mar	72	50	-30.56%
Apr	73	50	-31.51%
May	77	53	-31.17%
Jun	76	41	-46.05%
Jul	86	44	-48.84%
Aug	75	45	-40.00%
Sep	53		
Oct	47		
Nov	46		
Dec	53		

Source: Fresh Produce Journal
Variety of apple: Bramley, Class I

Pears

Prices Table			
Country	United Kingdom		
Commodity	Fresh Pears		
Prices in	pence	per	kg

Year	1998	1999	% Change
Jan	44	47	6.82%
Feb	47	50	6.38%
Mar	56	51	-8.93%
Apr	52	49	-5.77%
May			
Jun			
Jul			
Aug			
Sep	52		
Oct	40		
Nov	43		
Dec	48		

Source: Fresh Produce Journal
Variety of pear: Conference Class I