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Italy

Fresh Deciduous Fruit

Fresh Deciduous Fruit Annual 1999

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Report Highlights:

After exceptional crops in 1998 due to favorable weather conditions, Italian deciduous fruit output in 1999 is expected to remain high, but closer to average levels with pear and grape output falling slightly, and apple production increasing 2.2%. U.S. MY 98 exports of apples to Italy reached \$1.8 million. Italian concentrated apple juice output increased significantly in 1998 due to a large supply of apples and the same quantity is forecast for 1999.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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SECTION I. EXECUTIVE SUMMARY

PRODUCTION

General

After the exceptional performances of the Italian deciduous fruit industry in 1998, due to very favorable weather conditions, Italian fruit output in 1999 is expected to remain large but closer to average levels. Pear and table grape output will decline while apple production is forecast to increase slightly.

APPLE

According to the Horticultural Service Center, an Italian agency officially responsible for the forecast of Italian fruit production, Italian apple production for 1999 is forecast to increase 2.2 percent from 1998 levels due to favorable weather conditions. This output level is the highest in recent years and will result in continued low price levels.

The Italian apple industry has experienced low prices in recent years because of high levels of domestic production and competition from other European producing countries. Italian apple production has become more concentrated in the Trentino-Alto Adige region which accounts for 57 percent of total production. This trend towards higher production in the region with the most favorable conditions has allowed production to expand despite the fact that total acreage is trending downwards slightly. Delicious varieties (Golden and Red) account for over 60 percent of the total Italian apple output.

PEARS

According to the Horticultural Service Center, Italian pear production for 1999 is forecast to decline 29 percent from the exceptional levels of 1998 but will remain at average levels.

Despite 1998 large domestic supply (when growing conditions were optimal) the Italian pear industry is in a favorable market situation and price levels remain high. In fact Europe wide pear output is not too large and Italy is positioned favorably for export within the EU.

TABLE GRAPES

Italian table grape production for 1999 is expected to be below 1998 levels but comparable to previous years such as in 1997.

Apulia and Sicily are the two Southern Italian grape producing regions, accounting for 70 percent of Italian table grape output. Italy is the world's largest producer, accounting for 21 percent of total global output.

The Italian and Regina varieties account for about 70 percent of total table grape production. The area planted to seedless varieties imported from the United States has increased quickly. The fact that these are also early varieties should contribute to their popularity. A good share of the Italian table grape crop is produced under protective cover to obtain earlier maturation and extend seasonal availability. This technology extends the production season from June to December.

CONSUMPTION

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

TRADE

Italian exports of apples and table grapes are expected to have increased or at least should have remained stable in the 1998/99 marketing year (final data are not yet available) due to a large supply and consequent low prices. Pear exports doubled in 1998 due to an exceptionally large Italian supply and increased demand in foreign markets. Germany remains the major market for Italian apple, pear and table grape exports. Italian producers are trying to produce to meet the taste of German consumers, who prefer such varieties as Delicious apples.

British imports of Italian pears increased significantly in 1999 due to a ban imposed by U.K. authorities on Conference variety pear imports from Belgium and Netherlands due to pesticide residue levels. France's pear imports also increased in 1998/99 due to poor domestic production.

Apple imports from Russia declined in 1998/99 due to its economic crisis.

MARKETING

The domestic market remains the most important outlet for Italian fruit sales, especially for apples, which suffer competition from other producing countries in foreign markets. Contrarily on pear and table grape markets Italy remains the leading producing country and can better control prices.

In Italy large retailers (accounting for about 30% of fruit sales), in order to keep prices low, do not permit individual labeling of fruits by producers. Supermarkets do not want cost and price to be increased by product differentiation. This represents a problem between many supermarket chains and fruit producers, especially for apples. Three large cooperatives in Trentino-Alto Adige produce about half of total Italian output).

Despite a large domestic supply, Italy imported \$1.8 million in apples from the U.S. between July 1998 and March 1999. U.S. apples do not compete with locally produced apples but they represent a niche market, sold in December-January (at Christmas time) at high prices in gourmet shops.

Other Italian fruit imports are mainly counter-season produced fruits (from Chile, Argentina and South Africa) Italian traders use them before or after local sale season.

Italian fruit exporters look at East European markets especially for apples. Large Italian producing

cooperative have export offices in some of these countries. In fact, these markets can offer good opportunities for Italian apples that meet local taste and can be sold at relatively cheap prices due to a large supply.

CONCENTRATED APPLE JUICE

No official statistics exist on apple juice products and consumption in Italy. According to our trade contacts Italian concentrated apple juice output increased significantly in 1998 due to a large supply of apples. A similar level of production is forecast for 1999.

Apple juice production is concentrated in Trentino Alto-Adige region which is also the major Italian apple producing region. Domestic consumption is minimal whereas most of production is exported, mainly to Germany. In 1998, Germany accounted for 59 percent of Italian exports. For 1999, Italian exports are forecast to remain high, as in 1998.

Italy is also a large apple juice importer. Italian processing companies import apple juice from Turkey and Iran. They benefit from cheap prices and use imported juice to blend with Italian juice in order to adjust the acidity of the final product. In fact Italian apple juice is generally sweet whereas Turkish and Iranian juice is more acid.

During the 1998/99 marketing year, the FOB price of concentrated apple juice averaged 1.70 D.M./Kg or just below \$1/Kg. Presently it averages 2.20 D.M./Kg or \$1.20/Kg.

SECTION II. PSD TABLES

APPLES

PSD Table						
Country:	Italy					
Commodity:	Apples					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		07/97		07/98		07/99
Area Planted	71000	71000	70000	70000		70000
Area Harvested	65000	65000	64000	64000		64000
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	970000	1970000	2100000	2200000		2250000
Non-Comm. Production	44000	44000	38000	43000		43000
TOTAL Production	1014000	2014000	2138000	2243000	0	2293000
TOTAL Imports	41300	41300	15000	20000		20000
TOTAL SUPPLY	1055300	2055300	2153000	2263000	0	2313000
Domestic Fresh Consump	1250000	1250000	1290000	1393000		1463000
Exports, Fresh Only	515000	515000	520000	520000		500000
For Processing	290300	290300	343000	350000		350000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	2055300	2055300	2153000	2263000	0	2313000

GRAPES

PSD Table						
Country:	Italy					
Commodity:	Fresh Table Grapes					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		07/97		07/98		07/99
Area Planted	75000	75000	74000	73000		73000
Area Harvested	74000	74000	73000	71000		71000
Commercial Production	1420000	1420000	1410000	1490000		1400000
Non-Comm. Production	20000	20000	40000	35000		40000
TOTAL Production	1440000	1440000	1450000	1525000	0	1440000
TOTAL Imports	10000	10000	10000	10000		10000
TOTAL SUPPLY	1450000	1450000	1460000	1535000	0	1450000
Domestic Fresh Consump	647000	647000	650000	675000		650000
Exports, Fresh Only	553000	553000	560000	560000		550000
For Processing	250000	250000	250000	300000		250000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	1450000	1450000	1460000	1535000	0	1450000

PEARS

PSD Table						
Country:	Italy					
Commodity:	Fresh Pears					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		07/97		07/98		07/99
Area Planted	50000	50000	50000	48000		48000
Area Harvested	45000	45000	45000	44000		44000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	609000	609000	1010000	1055000		750000
Non-Comm. Production	50000	50000	60000	60000		47000
TOTAL Production	659000	659000	1070000	1115000	0	797000
TOTAL Imports	134000	134000	50000	60000		90000
TOTAL SUPPLY	793000	793000	1120000	1175000	0	887000
Domestic Fresh Consump	616000	616000	840000	865000		647000
Exports, Fresh Only	97000	97000	170000	200000		160000
For Processing	80000	80000	110000	110000		80000

PROCESSED APPLES

PSD Table	Juice					
Country:						
Commodity:						
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin						
Deliv. To Processors	290300	290300	343000	350000	0	350000
Beginning Stocks	0	0	4000	4000	2000	0
Production	44000	44000	40000	59000	0	60000
Imports	27000	27000	25000	40000	0	44000
TOTAL SUPPLY	71000	71000	69000	103000	2000	104000
Exports	63000	63000	63000	99000	0	100000
Domestic Consumption	4000	4000	4000	4000	0	4000
Ending Stocks	4000	4000	2000	0	2000	0
TOTAL DISTRIBUTION	71000	71000	69000	103000	2000	104000

TRADE MATRIXES

APPLES

Export

Export Trade Matrix			
Country	Italy		
Commodity	Fresh Apples		
Time period		Units:	MT
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Germany	246940		220116
France	9479		14262
Sweden	11147		10171
Austria	10285		31959
Spain			41739
Norway	7644		
Russia	16468		4973
Check Rep			8936
Total for Others	301963		332156
Others not Listed	84851		66012
Grand Total	386814		398168

Import

Import Trade Matrix			
Country	Italy		
Commodity	Fresh Apples		
Time period		Units:	MT
Imports for:	1997		1998
U.S.		U.S.	2456
Others		Others	
Spain	4037		564
France	13532		8219
Austria			1406
Chile			1319
Total for Others	17569		0
Others not Listed	5107		
Grand Total	22676		16560

GRAPES

Export

Export Trade Matrix			
Country:		Units:	MT
Commodity:	Grapes		
Time period:			
Exports for	1997		1998
U.S.	1026	U.S.	
Others		Others	
Germany	219425		219082
France	103118		102314
Belgium-Lux	35215		33375
Netherlands	27815		24075
UK	17469		19947
Austria	21110		20183
Switzerland	18686		16674
Poland	26633		26779
Norway	8516		
Total for Others	477987		462429
Others not listed	73695		88580
Grand Total	552708		551009

Imports

Import Trade Matrix			
Country:		Units:	MT
Commodity:	Grapes		
Time period:			
Imports for	1997		1998
U.S.		U.S.	
Others		Others	
Spain	3336		3415
Netherlands	1093		798
South Africa	782		820
Chile			325
Total for Others	5211		5278
Others not listed	2130		1437
Grand Total	7341		6715

PEARS

Exports

Export Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:			
Exports for	1997		1998
U.S.		U.S.	
Others		Others	
Germany	52327		82727
France	12369		30379
UK	6112		22263
Austria	6209		12575
Russia			1064
Total for Others	77017		149008
Others not listed	16041		33271
Grand Total	93058		182279

Imports

Import Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:			
Imports for	1997		1998
U.S.		U.S.	
Others		Others	
France	14683		2781
Spain	55467		15450
Netherlands	5087		2970
Argentina	14959		18579
Total for Others	90196		39780
Others not listed	5791		4572
Grand Total	95987		44352

APPLE JUICE

Exports

Export Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:			
Exports for	1997		1998
U.S.	12721	U.S.	22154
Others		Others	
Germany	41323		58385
U.K.	2388		7789
Netherland	1857		10625
Total for Others	45568		76799
Others not listed	5084		
Grand Total	63373		98953

Imports

Import Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:			
Imports for	1997		1998
U.S.	60	U.S.	155
Others		Others	
Germany	5236		4653
Turkey	7488		11893
Iran	9743		12992
Total for Others	22467		29538
Others not listed	4127		9844
Grand Total	26654		39537