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Austria

Fresh Deciduous Fruit

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Report Highlights:
The 1999 apple harvest is expected to decline somewhat. However, due to import pressure from other EU countries, no price improvement is expected. Given the strong dollar, concentrated apple juice exports to the U.S. should rise in 1999/00. U.S. export opportunities are limited to a small amount of fresh pears.

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

The 1999 apple harvest is expected to decline somewhat. However, given the expected large apple crop in other EU countries, no recovery of producer prices should take place in 1999/00. Export pressure by other EU countries will probably rise which should result in a slight import increase. The major share of table apple imports should come again from Italy whereas processing apples will be imported predominantly from central European countries.

Declining compensation payments, which farmers received during a four year period to compensate for income losses after EU accession, expired in 1998.

Apple juice concentrate exports, which probably declined in 1998/99, should rise in 1999/00. In particular, exports to Japan and the U.S. are expected to increase. The higher export should also result in increased

domestic production of concentrated apple juice.

Production and trade of apples, pears and fruit juices are not subsidized. Thus, the Uruguay Round agreement has no effect on these sectors. No significant change in the production of apples, pears and fruit juices is expected in the next few years.

Average exchange rate: $ 1 = AS 12.38 in 1998
AS 12.63 in the first half of 1999

Apples

PSD Table						
Country	Austria					
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	7200	7200	7300	7300	0	7300
Area Harvested	5800	5800	5900	5800	0	5800
Bearing Trees	162800	162800	163400	163800	0	163800
Non-Bearing Trees	3000	3000	3000	3000	0	3000
Total Trees	165800	165800	166400	166800	0	166800
Commercial Production	188000	188000	182000	182000	0	183300
Non-Comm. Production	266400	266400	210000	260300	0	212000
TOTAL Production	454400	454400	392000	442300	0	395300
TOTAL Imports	125000	191000	140000	170000	0	175000
TOTAL SUPPLY	579400	645400	532000	612300	0	570300
Domestic Fresh Consump	190000	203400	186000	194000	0	192000
Exports, Fresh Only	55000	56000	40000	59000	0	40000
For Processing	240000	260000	216000	210000	0	220000
Withdrawal From Market	94400	126000	90000	149300	0	118300
TOTAL UTILIZATION	579400	645400	532000	612300	0	570300

Production

Crop Area

Between 1994 and 1997, orchards were permanently expanded. However, as export opportunities have been less favorable than expected before EU accession and in the first years of EU membership, no further area increase took place in 1998. For 1999 and the next few years it is expected that the area will remain stable. However, orchard renewal with smaller trees (M9) will continue.

The decline in tree numbers for cider apples has slowed down. Large, old cider apple trees in meadows which break or are felled are only partially replaced.

Yields

The year 1998 was a rest year which resulted in a 24% decline in table apple production.

Winter dormancy in 1998/99 was not interrupted by higher temperatures and thus no winter frost damage occurred. Although in April and May relatively low temperatures were coupled with frequent rains, flowering was satisfactory which allowed satisfactory bee pollination. June was very hot and dry which accelerated somewhat maturing of summer apples and pears. June fruit fall in non-commercial orchards was high.

While the non-commercial production is expected to drop 24%, the output of commercial production should rise 17%. Due to the sharp drop in non-commercial production, which accounts for more than half of total apple output, the 1999 apple crop should decline by about five percent.

Production of summer apples plays an inferior role. Only slightly more than 10% of total apple crop account for summer apples of which 90% are from non-commercial production. The 1999 summer apple harvest is finished by the end of August. The most important varieties are Early Gold and Summer Red. A decline was noted for Discovery and Delbar Estivale. Vista Bella, Jersey Mc and James Grieve have nearly disappeared.

Harvesting of fall apples will begin at the beginning of September. Among fall/winter apples Elstar, Gala, Golden Delicious are stabile, Gloster is sharply declining. New varieties such as Breburn, Fuji and Pink Lady are slowly gaining ground.

Crop Quality

Weather in 1998 was good for winter apples/pears. In general, fruits had normal size, good flavor, and good shelf life. More than 80% were regarded as first grade quality.

The quality of the 1999 summer apples/pears is regarded as good. Warm weather and occasional rains resulted in large fruits. The quality of winter apples/pears will depend mainly on the weather in September and early October. Dry weather coupled with warm days and cool nights during this period will result in very good quality. Usually, September weather is conducive to apple/pear maturity. So far conditions for quality development have been favorable.

Production Policy

The smaller crop in1998 resulted in a considerable price improvement. However, the price rise of about 8% did not offset the sharp decline (about -15%) of the 1997 crop. Although the 1999 crop will again decline somewhat, no substantial price rise, if any, is expected. The reason is the expected large apple crop in other EU countries which will cause considerable pressure on domestic prices. Thus, after the sharp drop in 1995 (EU accession), no real income improvement is expected for apple and pear growers.

Following EU accession, 1995 producer prices for apples declined 10.3% and for pears by 34%. To offset income losses, apple and pear producers receive declining compensation payments over a four year period. The amounts are always fixed after the winter apple and pear crop is on the market and the price drop to pre-EU period can be calculated. For apples AS 25,000/ha was paid in 1995, AS 18,000/ha in 1996, AS 12,600/ha in 1997, and AS 3,500/ha in 1998. For pears AS 37,900/ha was paid in 1995, AS 31,700 in 1996, AS 13,700 in 1997 and AS 3,500 for 1998. Beginning in 1999, no more compensation payments will be provided.

Farmers can obtain subsidized credits for modernization of buildings, storage and machinery. In addition, the installation of hail nets and irrigation equipment is subsidized. These supports are EU co-financed.

Consumption

As a consequence of the large crop and low prices, 1997/98 per capita consumption of apples rose 8% to 25.2kg. The smaller 1998 crop and somewhat higher consumer prices caused probably a consumption drop in 1998/99. In 1999, consumer prices and consumption are expected to be on the 1998/99 level.

The major share of apples is sold between February and May. During this time they also achieve the highest price. The predominant apple variety remains Golden Delicious. In the past its share was declining but now it is believed that it has stabilized. There is a good demand for Gala, Breburn and Idared. There is practically no more market for Gloster, Lobo, or McIntosh.

It is expected that sooner or later a trend to declining apple consumption will become visible. Exotic fruits are increasingly available in normal supermarkets. Various berries are widely offered and due to imports, certain fruits such as grapes have become available almost the year round. In particular young people are more interested in exotic fruits and berries.

Trade

Import Trade Matrix			
Country	Austria		
Commodity	Fresh Apples		
Time period	1997	Units:	1998
Imports for:	MT	MT	1
U.S.		U.S.	
Others		Others	
Czech Republic	73500	Italy	31600
Rumania	69400	Czech Republic	28700
Hungary	15400	Germany	3500
Italy	15400	Slovenia	2700
Slovakia	12600	Rumania	2400
Germany	5400	Chile	2100
Slovenia	5000	New Zealand	1800
Chile	2200	South Africa	1500
Poland	1600	Argentina	800
Argentina	700	Slovakia	900
Total for Others	201200		76000
Others not Listed	600		2300
Grand Total	201800		78300

Export Trade Matrix			
Country	Austria		
Commodity	Fresh Apples		
Time period	1997	Units:	1998
Exports for:		MT	1
U.S.		U.S.	
Others		Others	
Germany	40700	Germany	31000
Swden	4800	Slovakia	4600
Polen	4100	Poland	4100
Croatia	3100	Italy	3300
Slovakia	2500	Croatia	3200
Belgium	800	Hungary	1700
Hungary	600	Bosnia	1100
Czech Republic	600	Greece	1000
Greece	500	Rumania	800
Norway	300	Sweden	800
Total for Others	58000		51600
Others not Listed	100		3400
Grand Total	58100		55000

As trade data by country are not available for 1997 /98, whole calendar year figures by country for 1997 and 1998 are given in the trade matrix.

For many years, Austria has been importing 90,000 - 140,000 MT of cider apples. No change has occurred along with cider apples after EU accession in 1995. Table apples were previously only imported from Italy in the framework of a bilateral agreement and small quantities from the southern hemisphere. Following EU accession imports of table apples from Italy increased significantly and imports from other EU countries began. However, it is believed that after the opening of the Austrian market, imports of table apples peaked at 50,000 MT in 1997/98. In 1998/99 probably no increase took place and none is expected for 1999/00. The predominant suppliers will be Italy and Germany. Imports from the southern hemisphere should again be between four and five thousand tons. Chile is the main supplier of tsouthern hemisphere apples.

The losses on the domestic market were more than offset by increased exports. While Austria's small cider apple exports remain unchanged, table apple exports rose substantially after EU accession. Several varieties are exported but Golden Delicious is the most important one. A large share of exports are apples of the producer organization in Styria. Due to the slightly smaller domestic crop, 1999/00 exports may decline somewhat. The bulk should go to Germany. Austrian endeavors to enter the Scandinavian market are probably not very promising.

Policy

Imports are governed by the EU regime. Since September 1996 an import license has been required.

Austria's attitude toward the EU market order on fruits is unchanged: Austria welcomes the gradual reduction in intervention quantities and intervention prices since it has no interest in fruit intervention. However, it is very interested in the EU support of producer organizations which should benefit from the saved funds. At present, there are only 2 producer organizations (PO) eligible for EU support, one fruit PO in Styria and one vegetable PO in Raasdorf, close to Vienna. The creation of a further fruit PO in Upper Austria was under discussion but not realized. In Lower Austria a PO would probably be possible because of large fruit production. However, due to the vicinity to the large Vienna market, producers so far have shown little interest in common marketing of their products.

Marketing

There is little opportunity for US apple exports to Austria. A significant share of the imports come from Northern Italy where apple prices are low and which has the advantage of low shipping costs. In addition, there are no duties on imports from EU countries. The need for fresh apples from other countries of the northern hemisphere is very small.

Pears

PSD Table						
Country	Austria					
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	500	500	500	500	0	500
Area Harvested	420	420	420	420	0	420
Bearing Trees	1750	1750	1800	1800	0	1800
Non-Bearing Trees	160	160	160	160	0	160
Total Trees	1910	1910	1960	1960	0	1960
Commercial Production	5300	5300	5700	6100	0	6100
Non-Comm. Production	34000	34000	36800	44300	0	33100
TOTAL Production	39300	39300	42500	50400	0	39200
TOTAL Imports	28000	16700	25000	10000	0	18000
TOTAL SUPPLY	67300	56000	67500	60400	0	57200
Domestic Fresh Consump	46000	42200	46000	43000	0	42000
Exports, Fresh Only	0	1000	0	2000	0	1500
For Processing	20000	2000	20000	4000	0	2700
Withdrawal From Market	1300	10800	1500	11400	0	11000
TOTAL UTILIZATION	67300	56000	67500	60400	0	57200

Production

Crop Area

Pear production plays a minor role in Austria. Only about 1,000 farmers are involved in this sector. As with apples, Styria is the predominant pear producer (75% of total pear output). In the few regions suitable for pear production, the pear area increased slightly after EU accession but is believed to be stable now.

Domestic pears are under heavy price pressure from imported pears which can be produced cheaper.

Yields

Pear trees were in an intensive carrier year in 1998 which resulted in a 28% output rise compared to 1997. In 1999, a rest year, production is expected to decline to the 1997 level. Total production is expected to be around 40,000 MT of which about 28% will be summer pears. The average per hectare yield for commercial summer

pears is about 1 MT and for commercial fall pears 1.8 MT, which is slightly below that of 1999.

Consumption

The per capita pear consumption was 5.5 kg in 1996/97 and 5.2kg in1997/98. In general, pear consumption has been stagnant for many years and no change is expected in 1999/00.

Trade

Import Trade Matrix			
Country	Austria		
Commodity	Fresh Pears		
Time period	1997	Units:	1998
Imports for:		MT	1
U.S.		U.S.	100
Others		Others	
Italy	8600	Italy	7500
Spain	2700	South Africa	2100
Chile	2100	Spain	1400
Germany	1100	Germany	1300
Franace	600	Chile	1300
Argentina	500	United Kingdom	300
South Africa	400	Argentina	300
		France	100
Total for Others	16000		14300
Others not Listed			700
Grand Total	16000		15100

Export Trade Matrix			
Country	Austria		
Commodity	Fresh Pears		
Time period		Units:	
Exports for:			1
U.S.		U.S.	
Others		Others	
Germany	200	Germany	700
Poland	100		
Croatia	200		
Total for Others	500		700
Others not Listed	600		
Grand Total	1100		700

As production is expected to drop, imports should rise considerably in 1999/00. Predominant suppliers should be Italy and Spain. About 4,000 - 5,000 MT should come from southern hemisphere countries. Again a small amount of 100 - 200 MT should come from the U.S.

Pear exports should remain negligible.

As trade data by country are not available for 1997 /98, whole calendar year figures by country for 1997 and 1998 are given in the trade matrix.

Policy

Since EU accession, Austria has followed the EU import regime.

Marketing

In periods of a weak dollar, small quantities of pears may be imported from the US. However, the small quantity does not justify costly promotions since US pears cannot compete with pears from Austria's main suppliers.

Concentrated Apple Juice

PSD Table						
Country	Austria					
Commodity	Concentrated Apple Juice				(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Deliv. To Processors	240000	260000	216000	210000	0	220000
Beginning Stocks	9200	9200	9200	13500	9200	11200
Production	30000	30000	27000	24700	0	25000
Imports	38000	35000	34000	30000	0	30000
TOTAL SUPPLY	77200	74200	70200	68200	9200	66200
Exports	60300	53000	53000	49000	0	49500
Domestic Consumption	7700	7700	8000	8000	0	8300
Ending Stocks	9200	13500	9200	11200	0	8400
TOTAL DISTRIBUTION	77200	74200	70200	68200	0	66200

Production

Since the industry does not disclose its figures, no official data on production, raw material inputs, stocks and prices are available. In addition, trade data are dubious. Thus, all figures in the PSD tables are estimates. As no trade figures by country are available for 1997/98 and as trade figures cannot be converted to CAJ, apple "juice more dense than 1.33g/cubic centimeter" are given in the trade matrix for the calendar years 1997 and 1998. "Juice more dense than 1.33g/cubic centimeter" is the category mainly traded.

After extraordinarily large output in 1997, the cider apple production dropped 8% in 1998. Farmers delivered probably around 60,000 MT (+40%) of raw material to the processing industry and 20,000 MT of low quality apples may have come from warehouses. In addition, juice may have been made from about 130,000 MT of cider apples imported mainly from central Europe.

Current estimates put the 1999 cider apple output slightly below the 1998 level, but nevertheless a satisfactory crop is expected. Due to the expected smaller availability in main competitor and supplier countries (Poland, Hungary, Czech Republic, etc.) and increased demand by the industry, about AS 1/kg (AS 0.70 - 0.80/kg in 1998) will probably be paid for processing apples in 1999.

Since demand for pear juice is low, the price of cider pears is usually only 50 - 60% of the cider apple price. Pear juice is frequently used for blending with apple juice to raise sweetness. While Austrians prefer apple juice with relatively high acidity, lots intended for Scandinavia and the U.S. are sweeter.

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The considerably reduced stocks should step up CAJ production in 1999/00.

Consumption

Apple juice consumption - and fruit juice consumption in general - probably increased in 1998/99. July and August were very hot and the number of tourists visiting Austria rose somewhat.

In 1999/00, apple juice consumption should again rise. The distinctly growing tourism should more than offset the consumption decline due to a moderately hot summer. In addition, the trend to power drinks and iced teas has leveled. Furthermore, the price for apple juice has declined in contrast to orange juice, a traditional competitor.

Of the total fruit juice consumption orange juice has a share of 44%, apple juice 26%, vitamin juices (mixtures of vitamin rich fruit juices) 17% and other juices 13%.

Glass bottles for fruit juices are increasingly being replaced by cartons. PET bottles are increasingly used for carbonated juices.

Trade

Import Trade Matrix			
Country	Austria		
Commodity	Concentrated Apple Juice		
Time period	1997	Units:	1998
Imports for:		MT	1
U.S.		U.S.	
Others		Others	
Hungary	4600	Moldova	6200
Bulgarien	3800	Bulgaria	4300
Moldova	3200	Turkey	3300
Germany	3000	Hungary	2100
Rumania	2900	Italy	1200
Ukraine	2500	Yugoslavia	1000
Italy	1500	Rumania	500
Poland	1100	Germany	900
Netherlands	1000	France	500
Russia	500	Ukraine	600
Total for Others	24100		20600
Others not Listed	2300		1200
Grand Total	26400		21800

Export Trade Matrix			
Country	Austria		
Commodity	Concentrated Apple Juice		
Time period	1997	Units:	1998
Exports for:		MT	1
U.S.	3400	U.S.	2700
Others		Others	
Germany	16700	United Kingdom	13700
United Kingdom	13600	Germany	13100
Japan	7800	Japan	9000
Sweden	7200	Sweden	5800
Netherlands	4600	Netherlands	2300
Israel	1100	Saudi Arabia	1700
Saudi Arabia	1000	Finland	1600
Belgium	1000	Israel	1300
France	600	Francae	1200
Denmark	400	Belgium	900
Total for Others	54000		50600
Others not Listed	5500		6700
Grand Total	62900		60000

Since after EU accession the major share of concentrated apple juice (CAJ) is sold on the large common market, the major share of imports consists of "real" imports and not in-bond imports. Most of the imports come from central and eastern European countries. In particular Hungary (an Austrian firm has a joint venture in this country), Poland, Romania, and Bulgaria and in recent years also Moldova were the predominant suppliers. The imported CAJ is refined and blended by Austrian companies and then exported.

Due to large stocks, 1998/99 CAJ imports probably declined. In 1999/00, imports are expected to remain on the 1998/99 level. However, low import prices may step up imports somewhat to increase stocks.

The Austrian juice industry is the strongest branch in the food sector and very export oriented. In 1999/00 exports may rise somewhat. Given the joint venture of a large Austrian juice producer with a Japanese company, Austrian exports to Japan are on the upswing despite heavy competition by China. In addition, exports to the U.S., which have been declining in recent years, should recover due to the stronger dollar. The Austrian juice industry is happy that apple juice is not on the U.S. list for higher import duty as a retaliatory measure to the EU ban for U.S. "hormone" beef.

Policy

Since January 1995, imports are governed by the EU trade regime. Thus, the Uruguay Round agreement has no effect on these sectors.

Marketing

Juice imports concern mainly cheap CAJ from Central East European countries intended for further processing. Thus, there are no marketing opportunities for US concentrated apple juice in Austria.