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EU-27

Fresh Deciduous Fruit Annual

Smaller Supply and Rising Prices

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Report Highlights:
The EU-27 is one of the world's leading producers and consumers of apples, pears, table grapes, and concentrated apples juice (CAJ). Due to unfavorable weather conditions in major EU producing countries production of apples, pears, and table grapes is estimated to decline significantly in MY 2010/11. The lower availability of fresh fruit is expected to raise prices for apples, pears and, to a lesser extent, for table grapes. The smaller supply of apples will also lead to decreased production of CAJ during the same period. The majority of fresh fruit trade occurs within the EU-27. However, significant imports from non-EU countries, mainly the southern hemisphere, take place during the off season. As a result of reduced domestic supply, imports in MY 2010/11 are expected to increase for apples, pears, and table grapes. Commercial apple production in MY 2010/11 is estimated at 9.8 MMT which is a decrease of 11 percent compared to the previous marketing year; commercial pear production at 2.2 MMT, which is down by 14 percent. In MY 2010/11, table grape production is estimated to decline by 5.6 percent compared to the previous MY and will reach 1.9 MMT.

Executive Summary:

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
EU	European Union
GTA	Global Trade Atlas
Ha	hectare; 1 ha = 2.471 acres
MT	Metric ton = 1000 kg
MMT	Million metric tons
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

Trade data cited in this report was derived using the following HS tariff codes:

Apples: 0808 10
Pears: 0808 20
CAJ: 2009 79
Table grapes: 0806 10 10

Summary
Coordinated by Roswitha Krautgartner/FAS Vienna

Apples
In all EU member states (MS), apples are the most popular fruit. Commercial apple production in MY 2010/11 is estimated at 9.8 MMT, which is a decrease of 11 percent compared to the previous marketing year. The decrease is largely the result of cool and moist weather conditions during blossoming. Fruit quality is expected to be good for the most part but fruit diameter is smaller than usual. Non-commercial apple production in MY 2010/11 is forecast to be 11 percent higher because of the rebound in production in Germany. Lower stocks, decreased domestic production, and very low levels of CAJ stocks improved apple market conditions significantly compared to MY 2009/10. For MY 2010/11 EU-27 imports are estimated to rebound due to attractive prices within the EU. Almost 90 percent of EU-27 apple imports come from southern hemisphere suppliers.

Pears
The EU-27 is the world's second largest producer of pears after China. Overall commercial pear production in MY 2010/11 is estimated at 2.2 MMT, which is down by 14 percent compared to the previous marketing year. This is largely due to lower yields resulting from unfavorable weather conditions. Only production in Spain is expected to be up, by 11 percent. Non-commercial production in MY 2010/11 is expected to be 20 percent lower than in MY 2009/10 and will account for 120,000 MT. Lower availability (reduced production and smaller stocks) of pears in MY 2010/11 is expected to influence prices positively and increase imports. Almost three quarters of EU-27 pear imports come from Argentina and South Africa.

Concentrated Apple Juice
Poland, Germany, Italy, Hungary, Spain, Romania, and Austria account for over 95 percent of all EU concentrated apple juice production (CAJ). In MY 2009/10, production decreased by 16 percent to 436,000 MT due to high production costs, low juice concentrate prices, high stocks, and declining demand. A further decrease in production, caused by a smaller apple crop, is expected in MY 2010/11. In the past, the EU was one of the largest CAJ importers of the world. In MY 2008/09 and 2009/10, EU-27 imports of CAJ decreased considerably. Reduced demand for apple juice and abundant stocks eroded CAJ prices in MY 2009/10. By the summer of 2010, tight stock levels had started to improve the price situation of CAJ.

Table Grapes

The EU-27 is a leader in table grape production. Italy, Spain, and Greece account for 90 percent of EU production. After a dramatic drop over the past decade, EU table grape area continues to decline, albeit at a slower pace. The main factors behind the decline are reduced profitability due to increasing production costs and strong competition from other suppliers. In MY 2010/11, table grape production is estimated to decline by 5.6 percent compared to last year and will reach 1.9 MMT. This is mainly due to unfavorable weather conditions and reduced yields in Greece and some areas of Spain. The EU-27 is a net importer of fresh table grapes. As a consequence of reduced domestic supply, imports into the EU in MY 2010/11 are likely to increase. South Africa and Chile are the major external suppliers for the EU market.

Apples

Coordinated by Sabine Lieberz/FAS Berlin

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

Apples, Fresh EU-27	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official Data	Post Old Data	Post New Data	USDA Official Data	Post Old Data	Post New Data			Post New Data
Area Planted	536,010	536,010	530,844	530,500	530,500	534,145			528,930
Area Harvested	502,478	502,478	495,046	496,900	496,900	500,017			495,390
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			0
Commercial Production	11,202,863	11,202,863	11,115,239	10,941,400	10,941,400	11,105,636			9,884,520
Non-Comm. Production	1,372,200	1,372,200	1,540,065	1,120,200	1,120,200	1,104,880			1,229,800
Production	12,575,063	12,575,063	12,655,304	12,061,600	12,061,600	12,210,516			11,174,320
Imports	778,900	778,527	780,136	700,000	750,000	589,569			740,000
Total Supply	13,353,963	13,353,590	13,435,440	12,761,600	12,811,600	12,800,085			11,854,320
Fresh Dom. Consumption	8,546,303	8,546,462	8,295,695	8,611,600	8,661,600	8,192,880			8,057,320
Exports	1,203,000	1,202,468	1,202,562	1,100,000	1,100,000	1,217,685			1,070,000
For Processing	3,604,660	3,604,660	3,937,183	3,050,000	3,050,000	3,389,520			2,727,000
Withdrawal From Market	0	0	0	0	0	0			
Total Distribution	13,353,963	13,353,590	13,435,440	12,761,600	12,811,600	12,800,085			11,854,320

Note: Data for tree numbers is only available for few member states; therefore lines referring to tree numbers are left blank.

Source: FAS EU-27

Apples – Production

Apples - Commercial 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 76 percent of the total EU commercial apple production. Some 25 varieties are produced commercially in the EU in volumes exceeding 10,000 MT. Among these, *Golden Delicious*, *Gala types*, and *Jonagold* are the dominant varieties. However, production patterns vary. While *Golden Delicious* is the variety with the largest production in Italy, France, and Spain, *Elstar* is dominant in Germany and the Netherlands; *Idared* and *Jonathan* are the number one varieties in Poland and Hungary, respectively. However, new varieties, for example Pink Lady, Kanzi, Rubens, Tentation, have increased their share of production in recent years. In the Netherlands "new" varieties comprise 10 percent of total production.

Commercial apple production in MY 2010/11 is estimated at 9.8 MMT. However, this estimate is still provisional since the harvest is about two weeks behind schedule in major production regions. The projected decrease of 11 percent compared to the previous MY 2009/10 is largely a result of cool and moist weather during blossoming, which hindered pollination. In addition, summer hailstorms (Austria, Hungary), continued cold (France, Germany) and wet weather (Poland, Hungary) and lack of rain (France/early season, the Netherlands/July) further limited production. With the exception of Greece, Bulgaria, Sweden and Finland, all EU MS show a reduction in production compared to the previous MY. Fruit quality seems to be good for the most part, with the exception of some local damage by hail in Austria and Hungary and russeting in France. Fruit diameter is smaller than usual (Poland, Germany) because of late pollination and poor growing conditions in the weeks prior to harvest.

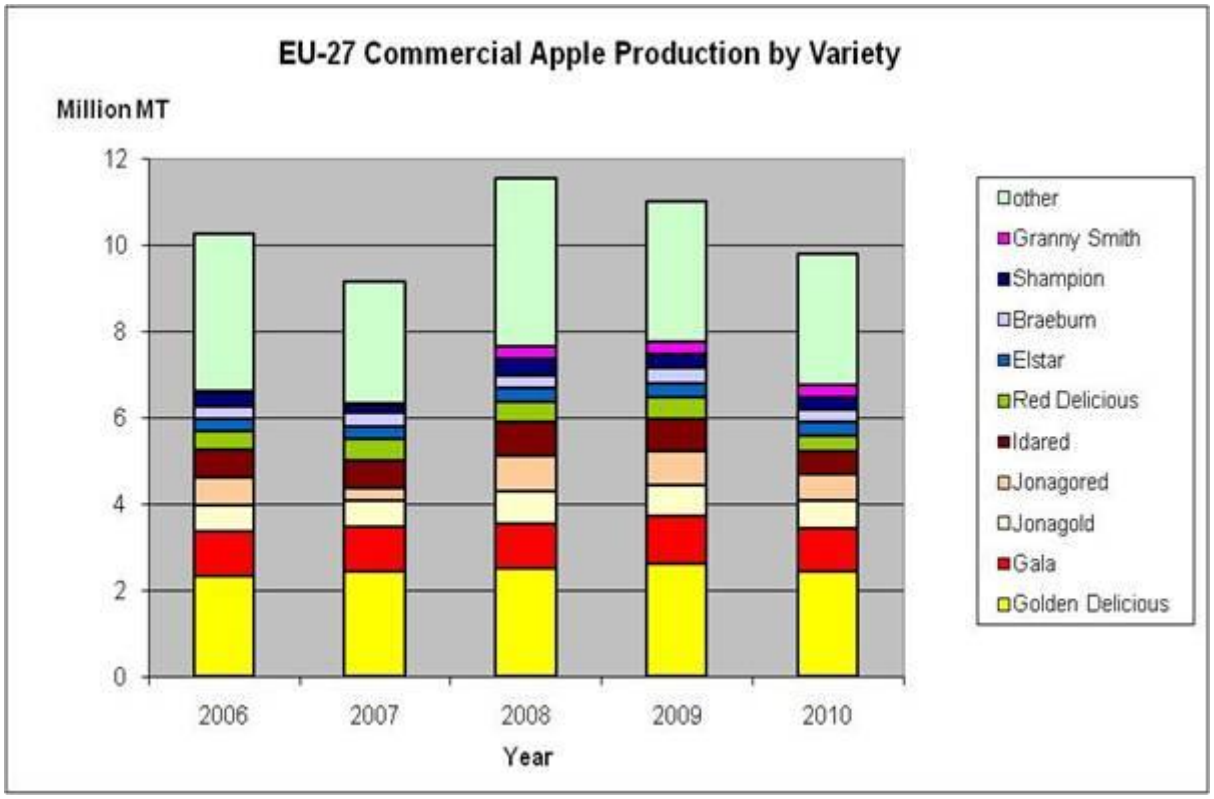
Table 2: EU-27 Commercial Apple Production by Country and Year in MT

COUNTRY	2008	2009	2010e	Change 2010:2009 in percent	Percent of Total
Italy	2,210,130	2,326,090	2,200,000	-5%	22%
Poland	2,780,800	2,593,000	2,095,000	-19%	21%
France	1,702,000	1,730,000	1,670,000	-3%	17%
Germany	1,047,000	1,071,000	830,000	-23%	8%
Spain	661,700	595,000	663,700	12%	7%
Romania	329,178	379,284	344,020	-9%	3%
Netherlands	357,200	381,900	323,000	-15%	3%
Hungary	372,450	335,000	267,000	-20%	3%
Greece	231,000	224,000	260,000	16%	3%
Belgium	319,200	326,800	238,450	-27%	2%
Portugal	238,812	280,078	210,000	-25%	2%
United Kingdom	205,000	212,000	208,000	-2%	2%
Austria	197,959	223,947	192,000	-14%	2%
Czech Republic	156,697	144,993	117,850	-19%	1%
Slovenia	71,643	72,587	69,000	-5%	1%
Lithuania	74,000	60,000	60,000	0%	1%
Bulgaria	16,517	25,000	28,000	12%	0%
Latvia	34,000	25,000	25,000	0%	0%
Slovak Republic	41,803	37,689	22,000	-42%	0%
Denmark	26,000	24,000	21,000	-13%	0%
Sweden	22,150	18,000	20,000	11%	0%
Ireland	16,000	16,000	16,000	0%	0%

Finland	4,000	4,268	4,500	5%	0%
TOTAL EU-27	**11,115,239**	**11,105,636**	**9,884,520**	-11%	

e= estimated
Source: FAS/EU-27

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



Note: Category "Other" includes but is not limited to: Annurca, Ariane, Belgica, Boskoop, Bramley, Cameo, Cortland, Cox Orange, Cripps Pink, Diwa, Fuji, Glockenapfel, Gloster, Gravensteiner, Greenstar, Honey crunch, Ingrid Marie, James Grieve, Jazz, Jonathan, Junami, Kanzi, Lobo, Mariac, Morgenduft, Pinova, Reinette Grise du Canada, Rubens, Tentation, Topaz, Wellant
Source: FAS/EU-27, based on data from WAPA

Apples - Non-commercial Production

Non-commercial production in MY 2010/11 is estimated at 1.2 MMT, which is 11 percent higher than in MY 2009/10. This is largely a result of a substantial rebound in production in Germany that is only partially offset by a decline in Hungary.

However, most EU member states do not report estimates for non-commercial production (private gardens and meadows). As a result, the production figure provided in table 1 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. (For background explanation please refer to page 7 of E48163)

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 diverted to 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. In general, non-commercial production is gradually decreasing in the EU-27 as hobby farmers get older. Younger generations have simply not shown the same interest in small-scale production. Instead, commercial production of higher acid apple varieties for processing is expected to increase to meet demand from the CAJ industry.

Apples – Market Situation

Currently (October 2010) the table apple market looks significantly better than a year ago. This is largely a result of three factors: 1) apple stocks on July 1, 2010 were 3 percent lower than in the year before; 2) domestic commercial production is 11 percent lower than in 2009 (see section on production); and, 3) in addition, stocks of concentrated apple juice (CAJ) are estimated to be at very low levels. As a result of the higher prices for processing apples, the processing sector absorbs comparatively large amounts of lower quality table apples. This takes pressure from the table apple market and leads to higher prices in this segment, too.

Apples - Stocks

According to WAPA, EU stocks of apples amounted to 550,600 MT on July 1, 2010, compared to 569,929 MT at the same time in 2009. Reporting of stocks varies by MS. In some MS the stock number comprised apples stored at producer organizations (POs), in some MS stocks are at POs and wholesalers. More important than the actual number is the year-on-year-change of stocks, as end of MY stocks can have a detrimental effect on the prices for the new harvest. Stocks are included in the "fresh domestic consumption" line in the PSD.

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. For information on variety and size preferences by MS please refer to page 9 of E48163. The movement to buy local and seasonal produce has gained a lot of traction in some MS such as the UK, Belgium, and the Netherlands and to some extent in Germany. To the British, apples are iconic local produce that conjure up nostalgia for traditional harvests and days gone by. UK consumers are starting to question why apples and pears are imported during the British season. The market is also responding to policy drivers on food security, climate change, and health. Discussions on Carbon Footprint are also prompting Dutch and Belgian consumers to choose local over imported product. In Germany, this behavior can be found with consumers who buy at weekly and farmers markets. They tend to prefer local produce over products from other countries and even over products from other regions in Germany.

Processing

In MY 2010/11, processing use of apples is expected to decline compared to MY 2009/10 because of lower commercial apple production especially in Poland, Hungary, Italy, and the Czech Republic.

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 used for processing varies significantly from MS to MS; 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 share of apples going into processing is forecast to amount to about 23

percent of total supply in MY 2010/11. Major MS with apple processing include Poland, Germany, Hungary, Italy, Spain, the Netherlands, and the U.K.

Apples – Trade

The majority of trade occurs within the EU-27 countries. Over the past five years, on average about 2.2 million MT of apples were traded between EU member states, while roughly 800,000 MT were imported from outside the EU-27. In recent years imports contributed between 5 and 8 percent to the total apple supply on the EU market.

EU-27 external trade

Imports

The decrease of imports in MY 2009/10 is largely a result of lower imports of apples from the Southern Hemisphere. GTA data for Chinese apple trade suggests that Chinese exports increased to Bangladesh, India, and Nepal at the expense of shipments to the EU. For MY2010/11 EU imports are forecast to rebound due to attractive prices in the EU. Almost 90 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. The main importers of apples are the Netherlands and the U.K., who together account for more than half of the EU-27 imports. However, much of the volume entering the Netherlands will not be consumed there but eventually be transshipped to other MS.

U.S. apple exports to the EU-27 occur year-round; however, most arrive between November and 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 2009/10 was 1,438 USD per MT, while Chinese apples were imported at 1,042 USD per MT (source: GTA). The main importers of U.S. apples in MY 2009/10 were the U.K., Finland, Sweden, Ireland, and the Netherlands.

Table 3: EU-27 Imports of Apples in MT

Country of Origin	MY 2007/08	MY 2008/09	MY 2009/10	Change
Chile	192,044	214,851	158,203	-26%
New Zealand	159,494	163,068	125,583	-23%
South Africa	154,687	170,193	121,227	-29%
Brazil	87,843	92,627	71,390	-23%
Argentina	79,083	63,110	45,681	-28%
United States	28,370	26,854	23,643	-12%
China	35,051	24,726	14,097	-43%
Macedonia	44,922	14,886	13,920	-6%
Croatia	16,411	2,524	6,008	138%
Serbia	41,214	218	2,198	908%
Moldova	7,255	210	1,972	839%
Uruguay	4,626	2,412	1,918	-20%
Canada	2,990	1,212	1,387	14%
Ukraine	19,921	756	735	-3%
Other	8,694	2,489	1,607	-35%
World Total	882,605	780,136	589,569	-24%
Thereof processing apples	62,461	7,924	11,273	

Source: Global Trade Atlas (GTA)

Exports

The increase in total EU-27 apple exports in MY 2009/10 was largely a result of increased sales to Northern Africa (Algeria, Libya, Morocco) and the Middle East (Saudi Arabia, U.A.E.). For MY 2010/11 exports are expected to decrease by about 12 percent. This is mainly a result of the lower EU domestic production.

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

In some large foreign markets, EU and U.S. suppliers compete, including:

Russia: Poland, Italy, Belgium, France, and Germany
U.A.E.: France, Italy
Saudi Arabia: Italy, France

Table 4: EU-27 Exports of Apples in MT

Country of Destination	MY 2007/08	MY 2008/09	MY 2009/10	Change
Russia	331,753	587,669	524,463	-11%
Ukraine	90,946	258,994	256,059	-1%
Algeria	79,307	75,595	89,008	18%
Belarus	27,048	43,802	41,086	-6%
Norway	37,021	32,663	35,068	7%
Saudi Arabia	27,449	19,922	34,713	74%
Libya	18,995	23,905	34,383	44%
Kazakhstan	634	12,775	30,980	143%
United Arab Emirates	13,983	14,344	24,995	74%
Albania	15,840	11,920	15,149	27%
Morocco	5,237	8,235	12,748	55%
Bosnia & Herzegovina	7,330	15,087	10,663	-29%
Melilla	7,025	9,804	10,227	4%
Other	87,517	87,847	98,143	1%
World Total	750,085	1,202,562	1,217,685	12%

Source: Global Trade Atlas (GTA)

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 (also called "withdrawal from market"). Previously, a producer organization was allowed to dispose up to 8.5 percent of its marketed volume of apples through intervention programs. However, unlike other commodities, these volumes were not allowed to re-enter the market at a later stage. Instead, they had to be permanently "withdrawn from the market", for example by donation to charity or be destroyed.

As of 2008, "withdrawal from market" is no longer available as a separate measure but will have to be included as an emergency measure 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, starting in MY 2008/09, MS authorities began administering "withdrawals from market" indirectly via approval of the OP. Thus, volume data is 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, and labeling requirements please see the respective sections at the end of the report.

Pears, Fresh
Coordinated by Marcel Pinckaers/FAS The Hague

Table 5: EU-27 PSD for fresh pears (in ha, trees, MT

Pears, Fresh EU-27	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post			New Post
Area Planted	139,191	139,191	136,750	139,000	139,000	135,930			136,241
Area Harvested	130,763	130,763	127,900	130,800	130,800	127,630			127,881
Bearing Trees	0	0	34,900	0	0	36,120			36,412
Non-Bearing Trees	0	0	5,430	0	0	5,560			5,751
Total Trees	0	0	40,330	0	0	41,680			42,163
Commercial Production	2,272,205	2,272,205	2,237,400	2,543,100	2,543,100	2,605,200			2,228,650
Non-Comm. Production	162,852	162,852	141,900	181,400	181,400	148,460			119,700
Production	2,435,057	2,435,057	2,379,300	2,724,500	2,724,500	2,753,660			2,348,350
Imports	392,100	385,293	423,990	345,000	355,100	289,110			363,283
Total Supply	2,827,157	2,820,350	2,803,290	3,069,500	3,079,600	3,042,770			2,711,633
Fresh Dom. Consumption	2,327,470	2,322,524	2,353,940	2,492,800	2,520,400	2,406,240			2,289,500
Exports	223,850	221,989	230,290	270,000	252,500	311,470			258,090
For Processing	275,837	275,837	219,060	306,700	306,700	325,060			164,043
Withdrawal From Market	0	0	0	0	0	0			0
Total Distribution	2,827,157	2,820,350	2,803,290	3,069,500	3,079,600	3,042,770			2,711,633

Source: FAS/EU-27

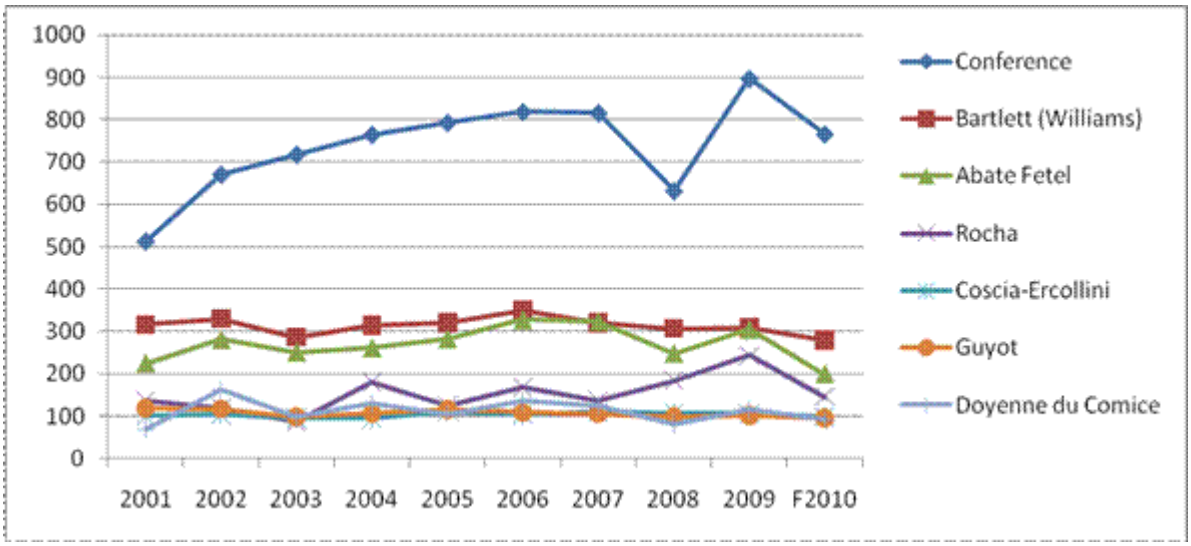
Pears – Production

Pears – Commercial Production

The EU-27 is, after China, the world's largest producer of pears, followed by the United States and Argentina. Italy, Spain, the Netherlands and Belgium are the top four producing MS and together account for almost 75 percent of total EU-27 commercial pear production. France and Portugal are the EU's 5th and 6th largest pear producing countries, respectively. The most produced pear variety continues to be Conference, mainly grown in the Netherlands, Belgium, Spain, and Italy. Other popular varieties include Bartlett (Williams) (mainly grown in Italy, France and Spain), Abate

Fetel (grown in Italy) and Rocha (grown in Portugal).

Chart 2: EU-27 Pear production for selected varieties in thousand MY



Source: WAPA

Commercial pear production in MY 2010/11 is estimated to be 2.2 MMT, down 14%. This decrease compared to MY 2009/10 is largely the result of an overall lower yield due to unfavorable weather conditions. Italy had severe weather conditions (heavy rains and hail) during the fruit set period. Also pear production in the Benelux countries faced bad weather conditions during and just after blossoming in combination with a rather dry summer (especially the month of July). Production in Spain however is expected to be up by 11% due to favorable weather conditions in leading pear production areas Catalonia and Aragon. The overall quality is expected to be good.

Table 6: EU-27 Commercial Pear Production by Country and Year

COUNTRY	2007	2008	2009	2010e	Change 2010:2009 in percent	Percent of Total
Italy	922,000	770,123	871,225	655,000	-25	29
Spain	551,800	538,700	434,200	483,300	11	22
Netherlands	242,250	163,400	285,950	258,990	-9	12
Belgium	272,650	161,500	291,650	221,160	-24	10
Portugal	141,210	195,090	249,109	175,000	-30	8
France	195,000	160,000	188,000	164,000	-13	7
Poland	25,000	65,500	75,000	58,000	-23	3
Greece	51,000	51,000	43,000	52,000	21	2
Germany	56,000	38,000	52,000	46,000	-12	2
Romania	22,564	19,725	24,000	34,000	42	2
Hungary	11,799	22,000	30,000	28,000	-7	1
United Kingdom	26,000	29,000	30,000	27,000	-10	1
Other	13,279	23,384	31,064	26,200	-16	1
Total EU-27	2,530,552	2,237,422	2,605,198	2,228,650	-14	100

e= estimated

Source: FAS/EU-27

Pears – Non-Commercial Production

Similar to the situation for apples, non-commercial production of pears includes pears grown in gardens and meadows and mainly used for fresh consumption or small scale further processing. Non-commercial production represents around 5% of total pear production and is gradually decreasing in the European Union as hobby farmers as a group get older. Younger generations have not shown the same interest in small-scale production. Non-commercial production in MY 2010/11 is estimated at 120,000 MT, 20 percent lower than last year.

Pears – Consumption

Pears are popular throughout the EU although apples, oranges and bananas continue to lead fresh fruit consumption. The per capita consumption of pears is high in countries that have large domestic production such as Italy, Spain, the Netherlands, Belgium, Portugal and France. The Nordic (except for Denmark) and Central and Eastern European countries have, in general, lower per capita consumption of pears. On MS level, the most popular pear varieties are those that are locally or regionally grown. The Conference pear variety and to a lesser extent the Doyenne du Comice variety still dominate pear consumption in Northwest Europe, while Bartlett (Williams) and Abate Fetel are popular pears in Spain and Italy.

The varieties that have a good storage life, e.g. Conference, are normally available year round. Varieties with a somewhat shorter storage life like Doyenne du Comice are available after harvesting but are supplemented by imports from Southern Hemisphere countries later in the marketing year. Only for selected varieties and only for a few months, does the market depend on imported pears.

Health, variety and convenience have become important deciding factors for consumers when buying products. Pear consumption is expected to benefit from this trend. In addition, pears are increasingly used in salads, cooking and snacks. Finally, the market for organic pears continues to grow slightly.

Processing

In MY 2010/11 it is expected that the volume of pears used for processing will be 164,000 MT, half the volume of MY2009/10, mainly due to lower processing volumes in Italy and The Netherlands.

Pears – Trade

The majority of the pear trade occurs within the EU-27. Over the past 5 years, on average about 550,000 MT of pears were traded within the EU-27 between various MS, while roughly 350,000 MT were imported from third countries.

EU-27 external trade

Imports

MY 2010/11 imports are forecast to increase by a quarter over last year, due to lower estimated production. Imports will however also depend on the availability of pears on international markets. The main EU-27 importing countries continue to be The Netherlands and Italy, together

responsible for 60 percent of EU-27 pear imports. About 80 percent of the quantity entering The Netherlands is shipped on to other countries in the EU.

Table 7: EU-27 Imports of Pears in MT

Country of Origin:	MY 2007/08	MY 2008/09	MY 2009/10
Argentina	156,765	164,216	101,878
South Africa	103,540	128,113	99,034
Chile	54,604	60,717	42,681
China	21,870	20,857	15,324
Turkey	4,711	8,651	5,042
Unites States	4,957	6,297	3,407
New Zealand	2,167	2,075	1,606
Uruguay	1,425	1,272	1,576
Other	1,654	1,371	1,292
World Total	351,693	393,569	271,840

Source: Global Trade Atlas

Almost three quarter of the EU-27 pear imports come from Argentina and South Africa. Chile is EU's third largest supplier of pears. Trade with these 3 countries takes mainly place between February and July. Other trade partners include China, Turkey and the United States, with trade being concentrated September through March. U.S. pear exports to the EU-27 usually occur between October and February. Industry contacts indicate good market prospects for U.S. pears in January and February. In these months, they compete with domestically grown pears and imports from China and Turkey. Consumer demand is strong for U.S. Anjou pears, especially in the German market. Price however continues to be the main challenge in this price sensitive market. The UK continues to be an important market for U.S. organic pears.

Exports

For MY 2010/11, EU pear exports are forecast to decrease by 17 percent compared to MY 2009/10. This is due to the estimated lower availability resulting from decreased production in 2010. The main EU-27 exporting countries continue to be Belgium and the Netherlands, who together account for two-third of EU-27 pear exports. Other exporters include Portugal, Spain, Poland and Lithuania. The leading export market for EU-27 pears is Russia, responsible for almost 70% of total pear exports. Brazil and Norway are the EU's 2nd and 3rd largest markets. Russia traditionally is an important market for Belgium and the Netherlands (Conference pear) and to a lesser extent for Poland and Lithuania. Brazil's pear imports from the EU-27 mainly come from Portugal (Rocha pear) while Norway's suppliers are again the Netherlands and Belgium (Conference pear). EU-27 exports start directly after harvesting and slow down by early spring.

Table 8: EU-27 Exports of Pears in MT

Country of Origin:	MY 2007/08	MY 2008/09	MY 2009/10
Russia	198,872	152,544	216,509
Brazil	10,113	9,798	25,578
Norway	24,740	21,238	20,846
Belarus	6,002	3,441	5,038
Algeria	788	932	4,777
Switzerland	4,151	7,760	4,595
Other	30,902	28,600	34,745

World Total	275,568	224,313	312,088

Source: Global Trade Atlas

The restrictive phytosanitary requirements that were imposed by Russia last year are in general being met by Dutch and Belgian traders. Pear shipments have to be accompanied by a Safety Certificate. Until recently, China has been a closed market for EU pears. In October 2010, Belgium and China signed a protocol which makes it possible for selected Belgian exporters to ship pears to China. Pear production for China is only possible in areas without fire blight and where control measures are in place against fruit worm. In the short term, China is expected to continue to be a small market for EU pears and exports only totaled 34 MT in MY 2009/10. Exports to China will grow as more regions within the EU become approved to ship.

Pears - Prices

Because of the estimated lower availability resulting from decreased production, combined with small carry-over stocks, prices are expected to be somewhat higher this year.

Pears – Withdrawal from market

The situation is the same as with apples. Please refer to the respective paragraph in the apple's section of this report for detailed information.

Pears – Additional Information

For information on tariffs, maximum residue levels, labeling requirements please see the respective sections at the end of the report.

CAJ - Production

Most EU concentrated apple juice (CAJ) production occurs September through November. Production in the seven most important CAJ producing countries of the EU-27 (Poland, Germany, Italy, Hungary, Spain, Romania, and Austria) is forecast to be 436,000 MT in MY 2009/10, 16 percent lower than in MY 2008/09. The combined output of these seven countries accounts for 95-98 percent of the total EU-27 CAJ production. In MY 2009/10, decreased CAJ production was attributed to high production costs, low juice concentrate prices, high stocks, and declining market demand. In 2010/2011, low apple crop forecasts in main EU producer countries caused a further decline in CAJ production. While industrial apple prices and CAJ prices increased as a result of poor crop prospects, long term consumer trends show a declining market share for apple juice.

It is difficult to separate the volume of apples used for CAJ production from other food industry uses, such as non-concentrate apple juice, cider, preserves, wine/brandy, apple chips etc. A detailed breakdown is not available in most countries. For some of the leading producers (Poland, Hungary, Romania), large volumes of industrial apples are available and there are limited alternative marketing channels, which keep CAJ production relatively stable. In other MS, CAJ production is mainly a way to deal with surplus apple crops or to exploit high CAJ prices. Total CAJ production continues to decline in the EU. Processing capacity, often located in nearby countries such as Moldova or Ukraine, is increasing. EU-27 is not running at full capacity.

CAJ - 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 a high percentage of old varieties such as *Jonathan* and *Idared*.

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 tart taste preferred by customers. At the same time, increased imports of cheaper but sweeter CAJ from China have gained a significant share of consumption. Nonetheless, the high acid European apple juice remains essential for the fruit juice industry for blending the sweeter Chinese CAJ, and the increasingly popular multi-fruit juice mixes.

Apples and grapes are close substitutes for multi-fruit and sparkling juices. Apple juice concentrate prices fluctuate with the level of apple juice concentrate imports and the availability of grape juice concentrate in the market.

Quality issues, such as added sugar or high iron content, surface from time to time but have not resulted in serious trade disruptions. For CAJ imported from China laboratory findings frequently show the presence of added non-fruit sugar.

CAJ - Consumption

Main user of CAJ is the fruit juice industry in apple or blended soft drinks.

Consumption of fruit and vegetable juices is decreasing in most Western European countries as the market has become saturated with competition from soft drinks. Some New Members however still are seeing growth due to lower initial per capita consumption levels.

In Germany and Austria the share of apple juice relative to other all fruit juices is 44 and 40 percent, respectively. (See the changes of fruit juice consumption in Germany between 2000-2009 at Table 9.) Apple juices are also an important component of overall juice consumption in the The Netherlands (28 percent) and the UK (24.5 percent). According to Euromonitor, Italy and Spain are strong producers and net exporters of CAJ but apple juice was only 5.7 percent of all fruit juices and 4.0 percent of the pure fruit juice sales in 2007.

Table 9: Per Capita Consumption of Selected Juices and Fruit Drinks in Germany 2000-2009 (in liter)

Per Capita Consumption of Selected Juices and Fruit Drinks in Germany 2000-2009 (in liter)							
	2000	2005	2006	2007	2008	2009p	% Change
Apple Juice	12.20	12.42	12.02	11.35	9.25	8.50	-8.1%
Orange Juice	9.53	8.93	8.92	8.32	8.00	9.00	12.5%
Grape Juice	1.32	1.29	1.28	1.25	1.00	1.00	0.0%
Grapefruit Juice	0.39	0.36	0.36	0.36	0.30	0.30	0.0%
Pear Juice	0.18	0.25	0.25	0.26	0.25	0.20	-20.0%
Vegetable Juice	0.96	1.35	1.36	1.35	1.20	1.20	0.0%
Citrus Nectar	7.75	7.26	7.30	7.20	8.00	6.50	-18.8%
Other Juice/Nectar	8.31	8.18	8.34	8.21	9.40	10.30	9.6%
Total	40.64	40.04	39.83	38.30	37.40	37.00	-1.1%

p= preliminary
Source: VdF, Association of the German Fruit Juice Industry, Annual Report 2009, page 45.

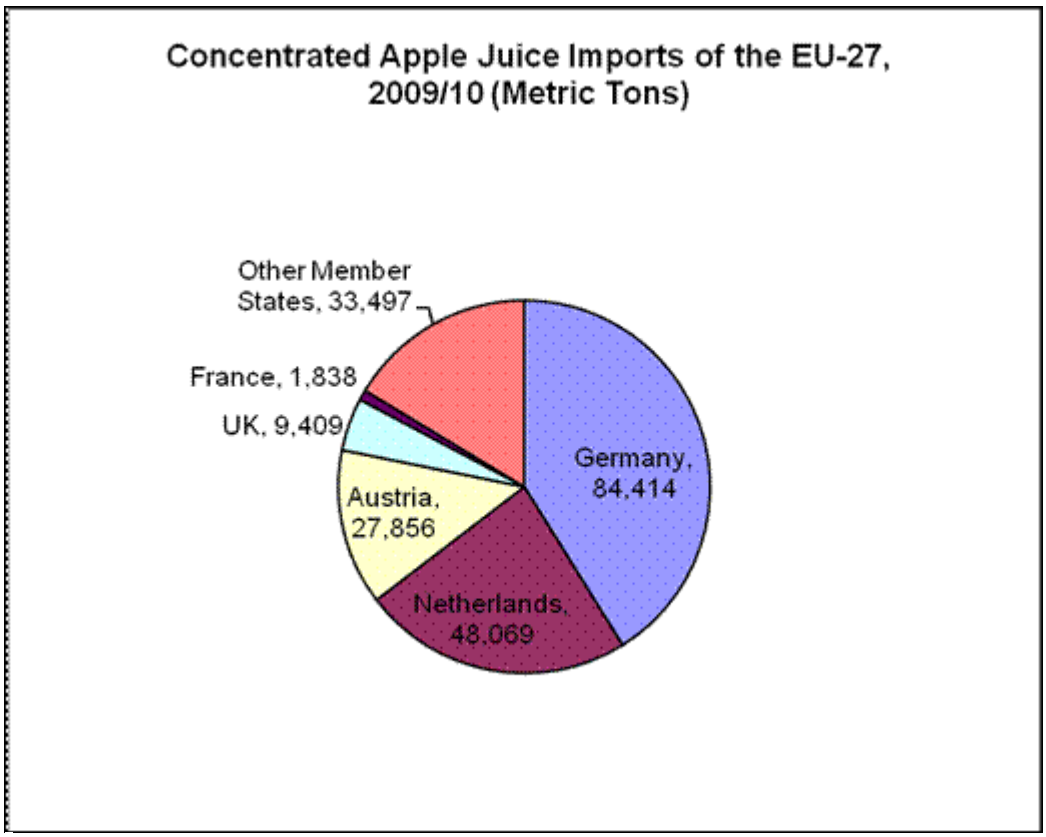
In the premium segment (100 percent juice) CAJ utilization is reduced by the growth of "non reconstituted" (NR) or "not from concentrate" juices made directly from fresh fruit. According to Euromonitor, sales of NR showed double digit growth rate in the most quality conscious countries (Germany, Netherlands, UK, and Austria) while the consumption of fruit/vegetable juices as a whole declined. Home pressed fruit juice is increasingly popular. Sales of juice extractors increased 10 percent in 2009 in spite of an economic downturn as by reported Euromonitor International. Health conscious consumption trends are behind the success of fresh juice and smoothie bars in recent years as well. According to fruit juice association estimates, about 20 percent of German apple juice production is bottled directly, while 80 percent is further processed into CAJ.

The non-juice use of CAJ is increasing. Cider is competing for fresh apples and, increasingly, CAJ. The UK's cider industry uses 6,000-7,000 MT of imported CAJ annually. In MY 2007/08, Polish cider makers also substituted fresh apples with CAJ; however, this product is traditionally made from fresh apples in smaller facilities. Other food processing industries such as baking, ice cream, and dairy are growing consumers of CAJ, as well as the cosmetics and wellness industry.

CAJ - Trade

In past years, the EU was one of the largest apple juice concentrate importers. In 2008 and 2009, EU imports of CAJ decreased to the extent that the United States became the biggest single import market for apple juice concentrate. Of the EU-27 countries Germany, the Netherlands, and Austria were the biggest buyers in MY 2009/10, accounting for 41 percent, 23 percent, and 14 percent, of total EU-27 imports. (See Chart 3).

Chart 3: EU-27 CAJ imports by country



Source: FAS Budapest based on GTA data

China remained the dominant origin for EU-27 CAJ imports in MY 2009/10. While exports originating from China to the EU dropped by about 44 percent the past year, Turkey, Ukraine, and Moldova sold more CAJ on the (shrinking) EU market. Industry expects decreased CAJ production in the EU in 2010/11. Exports from China to the EU keep declining due to low exportable supplies. Only a few smaller suppliers, especially Turkey, forecast increased sales to the EU.

Table 10: CAJ Trade of the EU-27

Concentrated Apple Juice Imports of the EU-27				
	MY 2008/09		MY 2009/10	
Country	MT	US$	MT	US$
China	156,537	159,777,076	88,755	67,619,758
Turkey	27,681	36,456,498	35,048	34,834,038
Ukraine	22,188	17,483,838	31,448	16,132,576
Switzerland	15,041	15,332,471	12,054	6,726,451
Moldova	12,656	12,354,885	17,255	11,717,516
Iran	2,286	2,877,557	8,596	5,774,762
Serbia	1,204	2,453,865	1,980	2,363,220
Brazil	1,036	1,442,453	2,387	1,553,586
Georgia	796	1,329,431	3,895	2,886,883

Other Countries	3,862	6,861,087	3,665	4,947,003
Total Imports	243,287	256,369,161	205,083	154,555,847

Concentrated Apple Juice Exports of the EU-27				
	MY 2008/09		MY 2009/10	
Country	MT	US$	MT	US$
Norway	9,458	6,237,480	7,671	9,597,170
Saudi Arabia	7,666	7,807,868	6,421	8,873,049
Japan	7,326	10,256,482	7,494	9,934,556
U.A. Emirates	2,211	1,454,463	2,389	2,919,126
Russia	1,770	1,015,652	1,317	1,753,934
Switzerland	1,629	693,639	845	1,010,051
Nigeria	1,130	1,683,135	954	1,923,344
Other Countries	9,989	7,996,312	10,178	14,614,324
Total Exports	41,179	37,145,031	37,269	50,625,554

Source: Global Trade Atlas

In MY 2009/10, EU exports continued their downwards trend and CAJ export sales were 10 percent lower than the MY 2008/09 results. Major destinations for EU exports remained Norway, Saudi Arabia, Japan, and the UAE. (see table 10). Sales to non-traditional CAJ export destinations increased most. Industry attributes this to the increased demand in the cheap fruit drink segment in some emerging Asian markets. EU apple juice exports to the United States fell to only a few hundred MT in MY 2009/10.

CAJ – Prices

Reduced demand for apple juice and abundant stocks eroded CAJ prices through MY 2009/10 (see Table 11). Producer prices for industrial apples were depressed in the previous season (in Germany 4-6 € per 100 kg; in Hungary 6-8 € per 100 kg; in Poland 5-7 € per 100 kg reportedly) which made farmers leave a part of the crop unharvested in many countries.

Table 11: Prices for Exported CAJ in Germany, Hungary and Poland 2008-2010 (in $/MT)

Prices for Exported CAJ in Germany, Hungary and Poland 2008-2010 (in $/MT)						
Year/Month	**Nov-08** □	**Jan-09**	**Jun-09**	**Nov-09**	**Jan-10**	**Jun-10**
Germany	1,818	1,579	1,445	1,838	1,456	1,035
Hungary	924	1,065	1,025	997	984	811
Poland	959	1,120	1,151	1,017	1,032	872

Source: GTA

By the summer of 2010, the situation started to change. Although there is no official data available on CAJ stocks levels, industry sources reported that beginning stocks in MY 2010/11 became tight, not only in the crucial German market but in many other countries in the EU. Currently, producer prices for crushing apples are in a range of 10-15 € per 100 kg in Germany and prices similarly increased more than two fold in Poland and Hungary in response to poor harvest prospects.

Table Grapes
Coordinated by Stefano Baldi/FAS Rome

Table 12: EU-27 PSD for Table Grapes (in ha, MT)

Fresh Table Grapes EU-27	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	MY Begin: Jun 2008			MY Begin: Jun 2009			MY Begin: Jun 2010		
	USDA Official Data	Post Old Data	Post New Data	USDA Official Data	Post Old Data	Post New Data			Post New Data
Area Planted	126,100	126,100	125,779	125,300	125,300	122,818			121,494
Area Harvested	122,800	122,800	118,688	122,500	122,500	115,695			114,553
Commercial production		2,011,000	1,978,008		1,968,000	1,990,342			1,878,482
Non-commercial production		0	10,352		0	15,444			14,300
Production	2,011,000	2,011,000	1,988,360	2,000,000	1,968,000	2,005,786			1,892,782
Imports	636,992	635,920	640,298	622,000	600,000	563,556			590,000
Total Supply	**2,647,992**	**2,646,920**	**2,628,658**	**2,622,000**	**2,568,000**	**2,569,342**			**2,482,782**
Fresh Dom. Consumption	2,486,434	2,485,339	2,467,219	2,502,000	2,418,000	2,454,946			2,362,782
Exports	161,558	161,581	161,439	120,000	150,000	114,396			120,000
For processing	0	0	0	0	0	0			0
Withdrawal From Market	0	0	0	0	0	0			0
Total Distribution	**2,647,992**	**2,646,920**	**2,628,658**	**2,622,000**	**2,568,000**	**2,569,342**			**2,482,782**

Source: FAS EU-27

Table grapes – Production

The European Union is a world leader in table grape production, together with China (4.9 MMT) and Iran (1.8 MMT). At the same time, the EU is an importer of table grapes for fresh use. Most production is concentrated in Italy, Spain and Greece. These three together on average account for 90 percent of the total EU-27 production. After a dramatic drop in the past decade, EU table grape area continues to decline albeit at a slower pace. Reduced profitability due to increasing production costs, and strong competition from other suppliers are the main factors behind the decline.

Table 13 – EU-27 Table Grapes Production by Country and Year (`000 MT)

	2008	2009	2010
Italy	1,368	1,341	1,260
Spain	278	278	278
Greece	150	193	165
Other EU MSs	192	193	190
Total	**1,988**	**2,006**	**1,893**

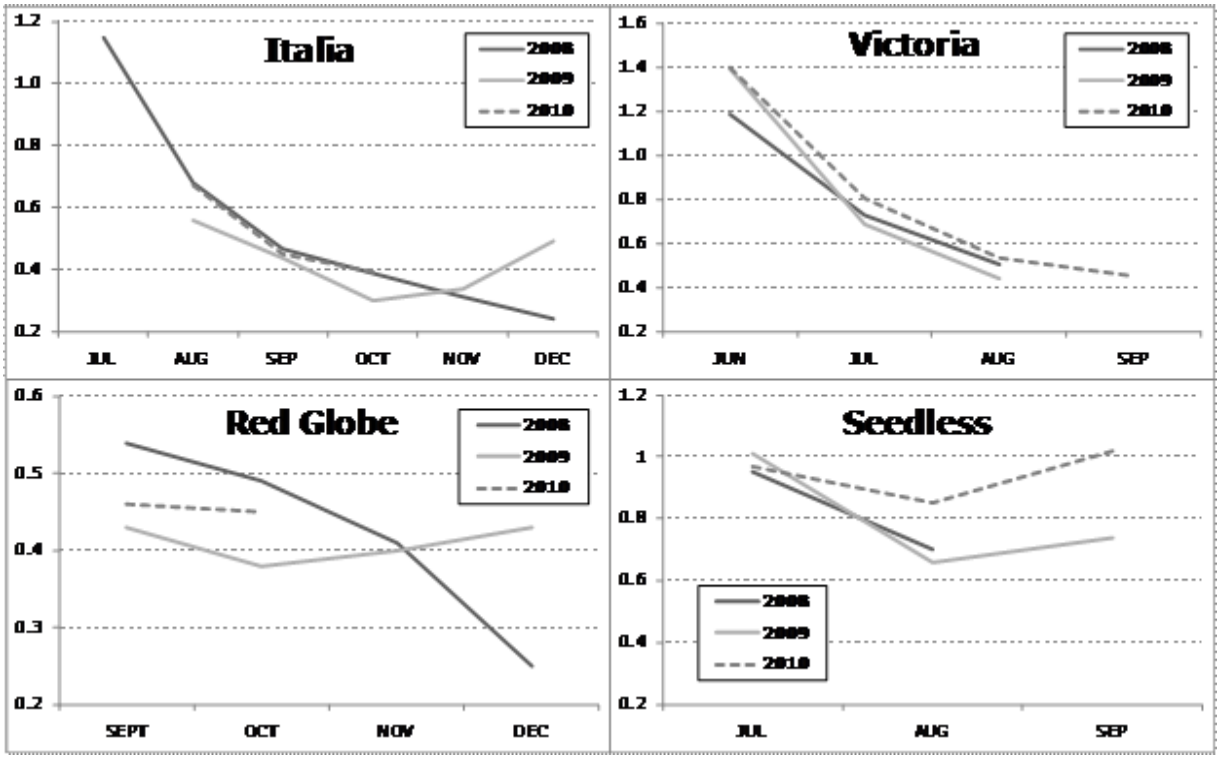
Source: FAS EU-27

EU-27 table grape production

Total EU-27 table grape production in MY 2010/11 is estimated at 1.9MMT, which is lower than last year. The drop is mainly due to falling production in Italy and Greece, two of the EU's main producers. Table grape prices have started to raise again due to reduced supplies, even though demand is not recovering as expected.

In MY 2010/2011, table grapes production in Italy is forecast down 8.3 percent to less than 1.3 MMT. In general, the harvest – still ongoing for some varieties – has been decent. Both white and red seedless varieties (Sugraone and Summer Royal) harvested in July, at the beginning of the MY, had high yields. Prices were also high, in part due to short Egyptian production. However, the Victoria table grape variety experienced a -20/-25 percent drop in production due to bad weather during flowering. Italia and Red Globe varieties harvested so far show good color, sugar content and grape size. Prices are a bit higher than last year due to recovering demand. Farmers producing early table grape varieties earned good profits thanks to higher prices in June and July.

Chart 5: Average farm gate prices table grapes in Italy (Euro/kg)



In Spain, according to the latest forecast published by the Ministry of Environment and Rural and Marine Affairs (MARM), table grape production for MY 2010/11 is expected to be 278,000 MT, similar to last year. Despite adverse weather conditions in some production areas, weather has been generally favorable. The main producing region, Murcia, is reporting very similar production levels as last year, 155,000 MT. In the case of Alicante, a slight decrease is expected in total production compared to last year - 84,000 MT for current MY compared to 90,000 MT in MY 2009/10. The main producing regions are the Murcia Region, the Comunidad Valenciana, and Andalusia. In particular, Murcia and Alicante have 70 percent of the production area in Spain, although each of these provinces produces different varieties at different times of the year.

In Spain, over 50 varieties of table grapes are commercialized. Some of the most popular traditional varieties are Aledo, Ideal, Muscatel, Dominga, and Napoleon. Seedless grapes show and increasing share of production and currently, roughly 30 percent of total production is seedless varieties whereas 70 percent is traditional varieties with seeds. Seedless varieties are mainly produced in Murcia, where the total area planted to table grapes amounts to 6,150 hectares with a production in MY 2009/10 of 155,000 MT, (85,000MT are seedless). Virtually, the same level of production is expected for MY 2010/11. Around 80 percent of seedless table grapes produced in Murcia are exported to the UK.

According to industry estimates, Greek table grapes current season is just over and has been a very poor one, due to unfavorable weather conditions throughout the growing period. Harvesting has finished and exports will continue for a couple more weeks. Greece had a very bad crop in terms of both quality and quantity, particularly for seedless variety (fresh Sultana) representing about two-thirds of total table grape production. According to industry estimates, there are approximately 5,800 hectares of cultivated table grapes. The main producing areas include the prefectures of Corinth in Peloponnese; Kavala in Macedonia; Heraklion on the island of Crete; Sultana (Thompson Seedless) and Victoria.

Source: ISMEA, Agricultural Marketing Center.

Table Grapes - Consumption

Total EU-27 fresh grape consumption has been rather stable in recent years and stands at about 2.3-2.4 MMT. In MY 2009/2010, the economic crisis hurt EU household purchasing power and slightly reduced EU table grape demand. The decline was more pronounced in Northern European countries such as the UK and Germany. In MY 2010/2011, consumption is expected to continue to decrease. Imports from third countries, normally coming in the first half of the calendar year from the Southern hemisphere, represent approximately 30 percent of total consumption. Starting in June with the Spanish and Greek harvests, and throughout the end of the year with the Italian one, EU grape consumption is mostly met by domestic production. Italy is not only the main table grape producer but also the main consumer in the EU, with almost one-third of the total consumption, still predominantly the traditional seeded varieties (Italia variety). Following behind Italy, the main consumers of table grapes are Germany, the UK and France. Despite the fact that seeded grapes are still appreciated in Germany and France, experts claim seedless table grapes are increasingly being demanded by EU consumers.

Table Grapes - Trade

The EU-27 is a net importer of fresh table grapes and imports into for MY 2010/2011 are likely to

increase as a consequence of reduced domestic supply. In MY 2009/2010 EU-27 table grapes imports decline by approximately 80,000 MT and exports decrease by almost 50,000 MT. The import value on the contrary increased to $1.4 billion.

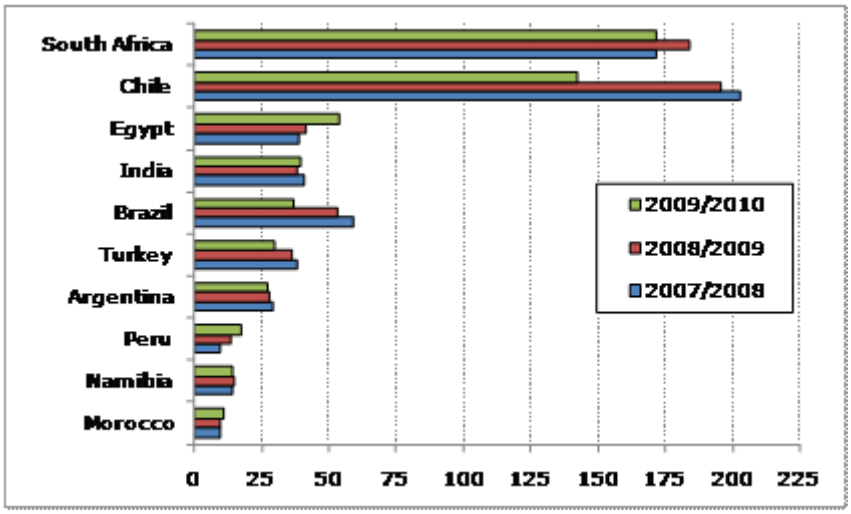
Table 14 – EU-27 Table Grapes trade Balance (MY June-May)

	1000 Tons			mil $		
	2007/2008	2008/2009	2009/2010	2007/2008	2008/2009	2009/2010
Import	644	640	564	1,520	1,272	1,396
Export	136	161	114	236	272	206
Balance	-508	-479	-449	-1,285	-999	-1,191

Source: GTA.

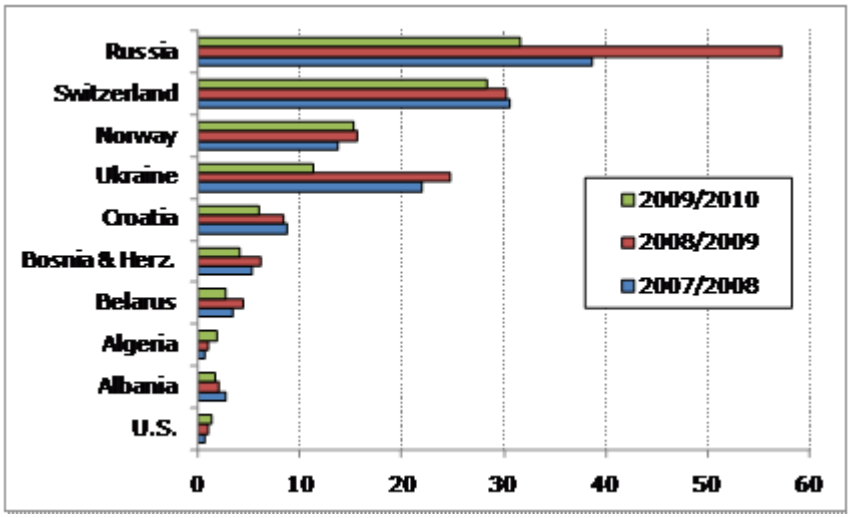
The major suppliers into the European market come from the southern hemisphere, where production is counter-seasonal to the EU and where seedless table grapes are widespread, with South Africa and Chile the leading suppliers. Imports from the U.S. have grown but are still below 2 percent of total and are mainly directed to the UK market. The largest EU importing countries are Germany, the UK and the Netherlands, but while the first two countries are also the largest consumers (behind Italy) the Netherlands mainly serves as a trans-shipping point.
Table grape exports outside the EU dramatically fell in MY 2009/2010 (-29.1 percent), but are expected to recover slightly in MY 2010/2011. The EU mainly exports table grapes to Russia and Switzerland. However, in MY 2009/2010 Russia suffered from the effects of global recession and significantly cutting table grapes purchases from the EU.

Chart 6: EU-27 main table grapes import partners ('000 MT, MY June-May)



Source: GTA.

Chart 7: EU-27 main table grapes export partners ('000 MT, MY June-May)



Source: GTA.

Policy
Coordinated by Tania DeBelder/USEU/FAS Brussels

Common Market Organization for Fruits and Vegetables

The EU Common Market Organization for Fruits and Vegetables (CMO) was reformed in 2007. The aim was to bring the F&V sector in line with other agricultural sectors that were already reformed under the Common Agricultural Policy (CAP). Council Regulation 1234/2007 established a single common market organization (CMO) for all agricultural products and replaced 21 existing CMOs. The policy changes agreed in the context of the CMO reforms for fruit and vegetables were incorporated in the single CMO by Council Regulation 361/2008. The old-style production-linked payments have been replaced by decoupled payments. The shift from production support to direct aid to producers was designed to improve the competitiveness, market orientation and sustainability of the sector.

Producer Organizations (PO's) are the key elements in the EU's CMO for fruit and vegetables. PO's are legal entities established by producers to market commodities within the following categories: fruits and vegetables, citrus fruit, nuts, mushrooms, products intended for processing, and some cross-commodities.

EU subsidies are not paid to individual producers but are channeled through PO's. In order to qualify for EU subsidies, PO's must submit an operational program financed through an operational fund. The EU's financial contribution is paid directly into the PO's operational fund.

The implementing rules for the reform of the F&V sector are laid down in Commission Regulation 1580/2007. It was last amended by Regulation 687/2010 on new EU rules for aid to fruit and vegetable POs introducing a list of fixed coefficients to calculate the Value of the Marketed Production (VMP) of POs. EU support to POs is calculated as a percentage of the Value of the Marketed Production (VMP) and a lack of clarity resulted in some POs including the value of marketing, processing & packaging of the final produce in their definition of the VMP. The new rules stipulate that 73 percent of the final "invoiced value" of concentrated fruit juices should be used when calculating the VMP of POs, i.e. a co-efficient of 73 percent.

An "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/ms_en.pdf

Fruit School Scheme

A key objective of the reform of the Fruit and Vegetable regime was to reverse the declining consumption of fruit and vegetables. The European School Fruit Scheme (SFS) is one measure to combat child obesity.

Commission Regulation 288/2009 is laying down the rules for applying Council Regulation 1234/2007 as regards Community aid for supplying fruit and vegetables, processed fruit and vegetables and banana products to children in educational establishments, in the framework of a School Fruit Scheme. All schemes would consequently include three elements: free distribution of fruit (and/or vegetables) in schools, a series of accompanying measures (for example information campaigns on healthy eating habits), and monitoring and evaluation. The scheme aims to provide fruit & vegetables to school children from the start of the school year.

The SFS makes €90 million of EU funds available to provide fruit and vegetables to school children to be matched by national and private funds and the system will be reviewed after 3 years. The scheme began at the start of the 2009/2010 school year. Besides Finland and Sweden, 25 of the 27 Member States have opted to participate in the second year of the scheme. The main beneficiaries of the scheme According to the definitive allocation of €90m in Community financing for the 2010/2011 school year are Italy (€21 million), Germany (€10 million), Romania (€9.6 million) and Poland (€9.2 million).

The SFS also requires participating Member States to engage in educational & awareness-raising initiatives on healthy eating, as well as the sharing of best practice. Commission figures reveal that some 22 million children in the EU are overweight, with more than 5 million of these classified as obese, a figure that is expected to rise by 400 000 every 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 Licenses

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 pesticides are harmonized throughout the EU. New legislation on the approval of pesticides entered into force at the end of 2009 and will become fully applicable as from June 14, 2011. How this will affect MRLs can only be determined after the new legislation is fully implemented.
For detailed up-to-date information please visit:
http://www.fas.usda.gov/posthome/useu/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 percent of the respective EU MRL (or so-called private standards).

EU-Russian MRLs harmonized

Fruit and vegetables are the largest EU agricultural export to Russia. The Russian Federation aligned some of its MRLs with the EU and with international standards. EU and Russian Federation scientific bodies have reached a common understanding concerning pesticide residues for fruit and vegetables, as some of the Russian MRLs were excessively strict. The amended Russian law entered into force in early June 2010.

The development provides more favorable conditions for EU exporters of vegetables and fruit, such as apples and pears, grapes, citrus fruits and stone fruits (peaches, apricots, etc.). Fruit and vegetables are the largest EU agricultural product category exported to the Russian market and exports are expected to grow during the 2010/11 season. The value of trade of these products was € 2.3 billion in 2009, mainly exports from the EU to the Russian Federation.

The dialogue on harmonization of Russian norms with EU and international food safety standards will continue, on residues in veterinary medicinal products in the areas of meat and dairy products, on standards in the areas of plant health, veterinary inspection, contaminants, microbiological standards in foodstuffs, etc.

Certification of Fruit Shipments

Plant products need a phytosanitary certificate to be exported to the EU. Phytosanitary certificates issued by an APHIS inspector are required to accompany fruit, vegetable and nut shipments. APHIS issues phytosanitary certificates in accordance with international regulations established 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://www.fas.usda.gov/posthome/useu/certificates-overview.html

Council Directive 2000/29/EC 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. 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 provides for plant health checks to be carried out at reduced frequency where this can be justified. According to the updated list (updated July 7, 2010) of products recommended for plant health checks at reduced levels, the frequency of inspections on imports of U.S. apples is going up to 50 percent instead of 25 percent for the Malus species.

An overview of EU mandatory and voluntary certificates can be found at:
http://www.fas.usda.gov/posthome/useu/certificates-overview.html.

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 above 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.

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 U.S. exporters. The U.S. tends to sell high quality products, which are usually relatively high priced and do not face any additional duty. Replacing the EPS with fixed tariffs could result in higher ad valorem duties.

Tariff levels for 2011 are published in EU Regulation 861/2010. For details please refer to:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:284:0001:0887:EN:PDF
Apples see pages 87 and 678-680
Pears see pages 88 and 680-683
CAJ see pages 157/158 and 863
Grapes see pages 87 and 677

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: Europe Good venue for exhibiting fresh and dried fruit, nuts and related products http://www.fruitlogistica.de	Next Fair: February 09-11, 2011	U.S. Pavilion Organizer: B*FOR International Tel: (540) 373-9935 Fax: (540) 372-1414
Fresh Rotterdam Rotterdam, the Netherlands (Interval: biannually) Target Market: the Netherlands/Belgium/Germany Regional fruit and vegetable trade show. http://www.agftotaal.nl	Next Fair: September 19-21, 2011	This show is not USDA endorsed Tel: +31-(0)10-2933300 Fax: +31-(0)10-2933399

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 16-19, 2011	U.S. Pavilion Organizer: B*FOR International Tel: (540) 373-9935 Fax: (540) 372-1411

Related Reports

Country Report Nr.	Date	Title
EU27 - 49048	08/07/2009	Food and Agricultural Import Regulations and Standards
EU27 – 49082	11/16/2009	Fresh Deciduous Fruit Annual 2009
EU27 – E49013	11/26/2008	Fruits & Vegetables: EU Marketing Standards
EU27 – E48101	09/29/2008	EU Certification Guide - Update

Commodities:

Select