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Italy

Fresh Deciduous Fruit

Semi-Annual

2004

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Report Highlights:
The 2003 apple and pear crops were generally low, dropping 5 and 8 percent respectively compared to previous year. This was due to a growing trend among producers who are reducing planted area, and are converting to more productive varieties to better meet consumer demand and to take advantage of better prices. The quality of the production also declined as a result of adverse climactic conditions. MY 2003 was generally average for table grapes both in terms of volume and quality. Nevertheless, the increasing domestic and international supplies, coupled by a stagnant demand, have kept market prices low.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Semi-Annual Report
Rome [IT1]
[IT]

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Apples

Italian apple production is in the middle of a restructuring process: producers are reducing planted acreage and are shifting to newer varieties that offer higher yields per hectare and appear to be more in line with market demand.
As shown in the table that follows Fuji, Gala and Imperatore are the emerging varieties. Despite some reduced production, Golden and Red Delicious varieties are still among the leading products.

Variety	Prod. in 2003 (MT)	Share of Prod. (%)	2003/2002 change (%)
Golden Delicious	985,000	48.3	-10
Red Delicious	236,000	11.6	-13
Gala	233,000	11.4	+11
Imperatore (Morgenduft)	149,000	7.3	+10
Granny Smith	96,000	4.7	
Fuji	52,000	2.6	+25

Source: N. Stanzani and M. Canavari in L'Informatore Agrario

Italian apple production is strongly concentrated in the northern regions. The Trentino Alto Adige region alone accounts for about 61 percent of Italian production (1.25 million tons), followed by Veneto (12 percent), Emilia Romagna (9 percent) and Piemonte. Due to unfavorable climactic conditions, southern regions are not competitive in apple production; the average yield per hectare is 20 tons/hectare in the South and 45 tons/hectare in Trentino.

Planted acreage has steadily decreased since late 1990s, especially in the South. Between 1999 and 2003, there was a reduction of about 300,000 hectares. However, increased yields per hectare have largely offset the decreases in planted acreage. According to Assomela (the main association of apple producers), the output for 2003 (2.05 million tons) was 10 to 15 percent below expectation, a decrease of 5 percent from 2002. Unfavorable climactic conditions, as well as reduced acreage, contributed to the decrease in production.

Spring frosts (during the flowering period) and hailstorms in July reduced the number of fruits. The prolonged summer drought also affected the fruit caliber for MY 2003, and could also continue to negatively impact next year's production. Moreover, according to Assomela, about 250,000 plants were eradicated by strong winds in 2003, contributing to a substantial loss of production not only for the current year, but also possibly for the next. The price trend on apples has been generally positive due to stable demand and the reduced supply in European apple producing countries.

Euro/kg	2003	2002	2001
January	0,55	0,54	0,34
February	0,53	0,55	0,37
March	0,55	0,58	0,40
April	0,69	0,60	0,44
May	0,82	0,63	0,43
June	0,55	0,54	0,41
July	-	-	-
August	0,39	0,38	0,43
September	0,39	0,33	0,38
October	0,42	0,43	0,44
November	0,65	0,48	0,49
December	-	0,56	0,52
Year Average	0,55	0,51	0,42

Source: Ismea

Italian apple production is increasingly driven by market demand for new varieties such as Fuji and Pink Lady. Six or seven brands dominate the domestic market for premium price fresh apples, while private labels and unbranded products cover the rest of the market. One of Italy's leading consortia of apple producers is introducing packaged apples through automatic vending machines, with the objective of boosting consumption in offices and public buildings. The estimated shelf life of the vending machine apples is approximately one month. Generally, the availability of certain varieties is highly seasonal. Organic production, which accounts for about 1,100 hectares, was estimated at 4,000 tons for 2002.

Pears

According to CSO (The Center for Horticultural and Fruit Services), the Italian pear crop for 2003 was 8 percent below the 2002 level. High temperatures and drought during the summer season significantly altered the ripening process, resulting in smaller sized fruits (small caliber and short neck). The domestic market for fresh consumption generally requires large calibers (larger than 75 mm) and a long neck. Most of the domestic production that does not meet these general standards, is exported (mainly to France) or is processed.

The planted area has remained generally stable, with some minor reductions due to increasing specialization among farms that are looking for higher yields per hectare. Nearly 70 percent of the total planted acreage for pears is located in the Emilia-Romagna region. In terms of varieties, the Abate Fétel is by far the most popular for fresh consumption, followed by the Conference variety. Williams pears are used for industrial processing (juice production and canning). Producers are increasingly moving from different varieties toward the Abate, to better respond to consumer demand.

The volume of exported pears is generally low, and is directed almost exclusively to northern European countries. Imports have been stable, and originate mainly from the southern hemisphere in order to integrate seasonal with domestic supplies.

Euro/kg	2003	2002	2001
January	0,68	0,73	0,55
February	0,69	0,78	0,54
March	0,69	0,81	0,57
April	0,70	0,78	0,53
Mayo	0,68	0,78	0,59
June	0,66	0,61	-
July	0,76	0,47	0,55
August	0,64	0,43	0,47
September	0,60	0,52	0,50
October	0,62	0,60	0,59
November	0,64	0,64	0,65
December	-	0,65	0,67
Year Average	0,67	0,65	0,57

Source: Ismea

Pear producers in Emilia-Romagna recently obtained an EU registration of the Geografic Indication (GI) for the “Pera IGP dell’Emilia Romagna”. In 2003, the GI pear was planted on 2,050 hectares, producing an estimated 100,000 tons.

Table Grapes

Table grape production in MY 2003 was generally average in terms of volume. Although reliable data is not yet available, industry experts estimate that the 2003 production was between 1.5 and 1.6 million tons, about 18 percent above 2002 levels. More than 90 percent of the domestic table grape production is concentrated in two southern regions, Puglia and Sicily. The average size of the producing farms is below 3 hectares.

The increasing national output compared to previous years, as well as increasing supplies in other countries (particularly Spain, Greece, Turkey, Egypt and Morocco), is creating excess supply in both the domestic and on the international market. As a result, prices have been generally lower this year, ranging between 0.25 and 0.50 Euro/Kilo, with an exception for early crops that were priced around 0.70 Euro/Kilo.

Following the EU reform, the volume of table grapes that is not absorbed by the market (because of over supply or poor quality) can no longer be used for wine production. As a result, fresh and concentrated grape juice production is increasing sharply. The annual production of juice currently ranges around 150,000 tons. Since domestic consumption of grape juice is extremely low, almost all of the production is exported to northern European countries.

PSD TABLES

Apples

PSD Table

Country Italy

Commodity Fresh Apples (HA)(1000 TREES)(M

	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [
Market Year Begin		07/2001		07/2002		07/2003
Area Planted	67000	67000	66000	66000	0	63000
Area Harvested	62000	62000	62000	62000	0	59000
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	2172000	2172000	2170000	2170000	0	2050000
Non-Comm. Production	48000	48000	40000	36000	0	36000
TOTAL Production	2220000	2220000	2210000	2206000	0	2086000
TOTAL Imports	52000	52000	55000	53618	0	50937
TOTAL SUPPLY	2272000	2272000	2265000	2259618	0	2136937
Domestic Fresh Consum	1232500	1232500	1235000	1213941	0	1035206
Exports, Fresh Only	659000	659000	660000	670677	0	724331
For Processing	370000	370000	370000	375000	0	377400
Withdrawal From Market	10500	10500	0	0	0	0
TOTAL UTILIZATION	2272000	2272000	2265000	2259618	0	2136937

Pears

PSD Table

Country Italy

Commodity Fresh Pears (HA)(1000 TREES)(M

	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [I
Market Year Begin		07/2001		07/2002		07/2003
Area Planted	47000	47000	47000	47000	0	45630
Area Harvested	43000	43000	43000	43000	0	41605
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	793000	793000	860000	940760	0	876807
Non-Comm. Production	47000	47000	45000	45000	0	41400
TOTAL Production	840000	840000	905000	985760	0	918207
TOTAL Imports	130000	130000	100000	113827	0	120656
TOTAL SUPPLY	970000	970000	1005000	1099587	0	1038863
Domestic Fresh Consum	749000	749000	765000	856936	0	819107
Exports, Fresh Only	131000	131000	135000	137651	0	119756
For Processing	90000	90000	105000	105000	0	100000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	970000	970000	1005000	1099587	0	1038863

PSD Table

Country Italy

Commodity Fresh Table Grapes (HA)(MT)

	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [I
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	74000	73000	73000	73620	72000	72000
Area Harvested	73000	72000	72000	72449	71000	71000
Commercial Production	1530000	1258000	1258000	1258000	1195100	1513423
Non-Comm. Production	50000	50000	50000	50000	47500	40000
TOTAL Production	1580000	1308000	1308000	1308000	1242600	1553423
TOTAL Imports	12000	20000	20000	14291	19000	16577
TOTAL SUPPLY	1592000	1328000	1328000	1322291	1261600	1570000
Domestic Fresh Consum	672000	640000	640000	680000	608000	685000
Exports, Fresh Only	650000	600000	600000	476877	570000	600000
For Processing	270000	88000	88000	165414	83600	285000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	1592000	1328000	1328000	1322291	1261600	1570000

Table Grapes