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Fresh Deciduous Fruit

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Report Highlights:

Both the Dutch and EU apple markets are currently saturated and apple prices are low. In contrast, demand for pears remain strong, although increasing EU pear stocks may eventually dampen prices. Export prospects for U.S. apples to the Netherlands seem dim but U.S. pear exporters may have some opportunities.

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

The Hague [NL1], NL

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Executive Summary

This report is based on the “The Netherlands Fresh Deciduous Fruit-Annual Report 2000" (#NL0041) and con
only additional information. Although the narrative has changed, statistical tables have almost remained the sa

Exchange Rate			
Year	**U.S. $**	**EURO**	**Dutch florin (guilder)**
1998	1	-	1.98
1999	1	0.94	2.07
2000	1	1.09	2.39

Apples

Production
The Dutch 1999/00 apple crop amounted to 575,000 metric tons (MT). The quality of the apples was good, bu prices were weak because of excess supply of apples in western Europe. For 2000/01, a smaller apple crop is expected, since many growers discontinued operations or replaced apple trees with pear trees. Pear trees are profitable because of higher prices in recent years.

The Netherlands: Apple Production by Variety
(July/June season/1,000 metric tons)

	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001*
Apple Variety						
Elstar	185	150	135	170	190	180
Jonagold	190	140	108	123	145	135
Gold. Delicious	55	45	45	45	50	45
Cox's O.P.	45	50	50	47	55	40
Boskoop	45	30	35	35	45	30
Jonagored	-	-	37	42	45	40
Other Apples	75	75	60	45	45	40
TOTAL	**595**	**490**	**470**	**507**	**575**	**510**

* Estimates
Source: Product Board for Horticulture

In 2000, Dutch apple and pear growers faced the most severe hail damage ever. In 1998 and 1999, insurance companies paid record amounts for compensation to growers for hail damage as well. From a statistical view three successive years of severe hail damage are very unusual, since once in seven years is the average. From to October 15, 2000, 40 days of hail were counted, compared to 45 in 1999.

Apple Stocks in Selected EU Countries as of December (x 1,000 MT)			
	1998/99	**1999/00**	**2000/01***
Italy	1,237	1,291	1,171
France	717	881	916
Germany	330	326	347
Netherlands	295	310	300
Belgium	146	164	153
Spain	169	247	210
United Kingdom	119	127	100
Total	**3,013**	**3,670**	**3,504**

Source: Product Board for Horticulture
* Estimates

In 2000, EU apple stocks were slightly lower than the year before. However, stocks of Cox's O.P. decreased percent, because of shrinkage in area planted and disappointing crops. EU stocks in 2000 reached the third hig levels during the last ten years. This is largely due to low autumn prices for processing apples which resulted quantities of class II goods being kept in storage. Those high stocks have a dampening effect on west Europea prices. Dutch stocks of Elstar and Cox's O.P. decreased last year, while those for Jonagold/Jonagored increas percent. Stocks for other varieties hardly changed.

Crop Area

The Netherlands: Apple Acreage in Hectares				
Apple Variety	**1992 !**	**1997**	**1999 "**	**2000***
Golden Delicious	1,583	1,192	898	850
Cox's Orange Peppin	2,087	1,503	989	850
Belle de Boskoop	1,542	1,281	1,144	1,028
James Grieve	545	205	-	-
Gloster	409	160	-	-
Elstar	4,794	5,127	5,595	5,625
Jonagold	3,775	4,598	3,195	2,927
Other varieties	2,248	1,125	2,370	2,221
TOTAL	**16,983**	**15,191**	**14,191**	**13,501**

! Source: Central Bureau of Statistics (Note: This data is published every five years)

" Source: Product Board for Horticulture
* Note: Estimated

Prices
Dutch apple prices were very low in the 1999/00 season and expectations are that prices will not be any highe the 2000/01 season. In spite of the slightly smaller Dutch and EU crop, there are still too many apples on the and not enough demand in Western Europe. The average apple price in the July - December 2000 period amo US $0.20 compared to US $0.22 in the same period in 1999.

Because of the low apple prices, many growers offered their apples for withdrawal, choosing to accept the in price. This is especially the case for apples from the second harvest, since apples from the first gathering usu command higher prices. However, because of wet weather, machines could not reach all parcels to finish the harvest. In October 2000, fruit auctions in the Netherlands, Belgium and Germany agreed to offer undamaged only. Apples of low quality (with spots for example), with (hail) damage or larger than 95 mm (class II and III designated for processing and face withdrawal. Growers get an intervention price of US$0.12 per kilo for tho apples. The processing apples go for the production of apple sauce or are used as pig feed. The reason for thi agreement was an excess of apples in Europe, due to very good crops. Therefore, a minimum price of US $0. kilo for all varieties is also set by the fruit auctions mentioned above. As a result, only a few Dutch apples are the processing industry, since a price of less than 10 cents is usual for processing apples. This is reportedly ju to gather the apples. The very low prices for industry apples are caused by an excess of very cheap, hail damag apples in Europe, especially from Italy, Germany and Poland. In 1999, the processing industry used 85 millio Dutch apples.

The Netherlands: Auction Prices for Apples
(Dutch cents per kilo)

	94/95	95/96	96/97	97/98	98/99	99/00*
Average Price	66	81	75	70	53	48
Apple Variety						
Golden Delicious	70	80	73	68	61	57
Boskoop	67	99	97	72	54	49
Jonagold	76	87	75	62	54	58
Cox's Orange	66	98	89	92	64	56
Elstar	80	102	89	96	63	70
Gloster	68	83	49	45	41	48
Processing Apples	23	32	27	21	17	23
one US$ = Dfl	1.61	1.69	1.95	2.00	2.07	2,29

Source: Central Bureau of Statistics
* July 99 thru June '00 only

According to the Northern Agricultural and Horticultural Organization (NLTO), large supermarket chains keep auction prices for apples at low levels. At the moment, the auction price is US $0.25 per kilo, while the cost p US $0.38 per kilo. Therefore, growers lose US $0.13 cents per kilo. The supermarkets sell their apples for U to US $1.26 per kilo. NLTO wants to discuss this issue with retail organizations in the near future. The low ap prices have created a crisis situation for the Dutch apple industry with 15% of Dutch apple growers going out business over the past ten years. According to forecasts by NLTO, the future for apple growers is even worse. current apple prices do not increase, half of today's Dutch apple growers are forecast to discontinue operation five years.

Food Safety and Transgenic Apples

Although efforts are being made by Plant Research International (part of Wageningen Agricultural University a Research Center) to develop a transgene mould resistant apple of the apple tree variety Malus pumila, the Dut government has not given permission yet to start field experiments. This is partially because field experiment forbidden for transgenic varieties which are antibiotic resistant. However, it is unclear if that is the case for th transgene mould resistant apples mentioned above.

According to the Dutch consultancy firm "DLV Adviesgroep", their 'Fresh Safety Scan' proves that Jonagold a are the most traceable fruit in the Dutch fruit supply chain. Traceability can contribute to food safety which is increasingly importance between Dutch fruit consumers.

According to the Dutch consumers association, "Consumentenbond", research shows that the consumption of apples by children could be dangerous because of relatively high levels of residues. This news could affect the consumption of French apples.

Consumption

Dutch households purchase, on average, more than US $24.00 on apples and US $6.00 on pears each year. In 1 apple purchases made up 25 percent (US $30) of total spending on fruit per household per year (US $120). Supermarkets had a 66 percent market share in fruit sales in 1999, compared to 61 percent in 1996. The total supermarket sales of apples in the Netherlands were US $40.4 million.

In October 2000, at the beginning of the new apple season, the promotion campaign "New Crop" started to inc the consumption of Dutch apples, like the Elstar, in the Netherlands. The campaign cost US $415,900 of whic $249,372 was subsidized by the European Commission. The other part was paid by growers themselves throug Product Board for Horticulture.

In general, fruit consumption is decreasing in the Netherlands, except for summer fruit such as plums, strawbe cherries. It is mostly the younger generation which is eating less fruit. Therefore, a majority of Dutch politic support the proposal of the Dutch Product Board for Horticulture to subsidize fruit at kindergardens, primary and high schools. At the moment, Dutch youth eat only 75 grams of fruit per day, instead of the recommende grams. This is partly due to the fact that fewer children eat breakfast before going to school. In addition, fruit relatively expensive compared to snacks like candy bars and hamburgers. Therefore, subsidized fruit could be compete with snack food and stimulate the health of children by preventing diseases, like cancer.

The introduction of school fruit is possible for approximately US $0.21 per child per day. It is expected that tons of small sized apples and pears (10 percent of the total Dutch apples and pears stocks) will be needed. Si imported fruit exceeds more often the Dutch legal health standards than domestic fruit (like Dutch legal resid standards), Dutch fruit will probably be used as school fruit. The Dutch horticultural sector will pay a part of because of promotional purposes (today's young consumers could become the consumers of tomorrow). In a the large Dutch apple stock could be eliminated. However, the largest part of the subsidy would be payed by th European Commission, since the EU, reserves the equivalent millions of US dollars to encourage production Dutch fruit sector.

Trade

The Netherlands is a large trader of fresh apples, with imports from EU origins and overseas, including Chile, Argentina and, increasingly, South Africa. Not all of these apples are consumed by the Dutch. Most Dutch ex and re-exports of apples go via Rotterdam to neighboring EU countries and Scandinavia, although Russia has b important destination in the last five years as well.

In 1999, the Netherlands imported 77,000 MT French apples, which makes them the third largest buyer of Fre apples. To increase the export of French apples to the Netherlands, the French promotion organization for Fr food "SOPEXA" launched a promotion campaign focused on "enjoy life" (savoir vivre) in October 2000.

Since U.S. apple exports to Europe are largely dependent on a poor European crop or high prices, the 2000/01 outlook for U.S. exports to The Netherlands, and the rest of the EU, is dim. However, there might be some ni market opportunities for apples like the Braeburn variety. EU consumers believe the Braeburn is a firmer and apple than Red Delicious and they like the round shape.

The Netherlands: Imports of USA Apples
(Metric Tons)

	1995	1996	1997	1998	1999
U.S.A.	3,068	650	377	1,946	1,609

Source: Central Bureau of Statistics

Germany, the main export destination for Dutch apples, has a surplus of apples at the moment, thereby reducin opportunities for Dutch apple exports. Dutch apple exports to the United Kingdom are also expected to decre part of ongoing efforts to increase the consumption of British apples. In October 2000, a large promotion car started stressing the superiority of British apples.

The 2000 apple crop in Eastern Europe is larger than was expected. However, the quality of the apples is poor to unfavorable weather conditions - which make those apples only suited for the processing industry. Therefo Eastern European countries, especially Russia, will import more EU apples for their fresh markets. The lowe rate will support exports of EU apples to these countries. Therefore, good export opportunities for Dutch ap mainly Jonagold, are expected for 2001.

The Netherlands: Exports of Domestic Apples and Re-Exports of Imported Apples to East European Countries
(Metric Tons)

	1996		1997		1998		1999	
	Exports	Re-Exports	Exports	Re-Exports	Exports	Re-Exports	Exports	Re-Exports
Russia	34,191	74,048	26,342	44,148	19,547	25,522	17,999	20,730
Poland	5,381	4,053	2,959	2,508	1,845	1,675	3,061	3,606
Estonia	2,143	1,655	1,022	509	1,267	841	2,821	1,111
Latvia	2,169	1,918	1,336	1,026	1,252	520	2,488	939
Lithuania	1,232	845	734	456	898	386	2,275	498
Czech Rep.	5,774	597	4,786	416	2,543	495	6,954	773
Croatia	39	39	26	76	13	91	116	111
Slovenia	-	4	-	12	-	4	43	13
Hungary	1	404	12	421	69	504	33	444

Source: Product Board for Horticulture

Apple juice

The Dutch apple juice market could be divided in a concentrate market and a fresh market, of which the concen market is much larger. The Netherlands does not play a significant role in the apple concentrates trade. Dutch often go to juice processors in Germany. However, the Dutch production of premium fresh apple juice is incr and new brands, like "Flevosap", are being introduced. This is also the case for organic fresh apple juices with like "Limburgs Land" and "Mergelland".

Since January 2000, world market prices of apple juice concentrates have decreased in reaction to large volum Chinese concentrates often made from the Fuji variety. High European prices for concentrates and U.S. anti-d regulations against cheap Chinese concentrates encouraged the Chinese export to the EU. Iran is also an impo exporter of concentrates to the EU. Cheaper European concentrates and a higher U.S. dollar rate however, ma concentrates from outside the EU less attractive for European processors. Therefore, lower levels of apple ju concentrates from China and Iran are expected in the future.

Pears

Production

The Dutch 1999/00 pear crop amounted to 135,000 metric tons (MT). For 2000/01, the largest pear crop eve expected, stimulated by relatively high prices compared to those of apples. The "Conference" variety is by far popular.

The Netherlands: Pear Production by Variety
Season July-June in 1,000MT

Pear Variety	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01*
Conference	90	80	85	90	95	120
Doyenne du C.	35	20	30	25	20	30
Other Pears	40	35	30	25	20	30
TOTAL	**165**	**135**	**145**	**140**	**135**	**180**

* Estimated
Source: Product Board for Horticulture

Pear Stocks in Selected EU Countries as of November
(x 1,000 MT)

	1998/99	1999/00	2000/01*
Italy	300	237	276
Netherlands	65	60	90
Belgium	56	62	82
Spain	153	154	145
Total	**619**	**557**	**653**

Source: Product Board for Horticulture
* Estimates

In 2000, EU pear stocks were larger than last year and much larger than the average for the past five years. Sto the "Doyenne du Comice" increased the most. In the Netherlands, pear stocks increased 33 percent, largely d growers who replaced apple trees with pear trees.

The Netherlands: Pear Acreage by Variety in Hectares				
Pear Variety	**1992 !**	**1997**	**1999 "**	**2000***
Conference	2,586	3,445	3,814	3,996
Doyenne	1,159	1,274	1,138	1,136
Beurre Hardy	239	215	-	-
Other varieties	1,421	1,092	1,068	1,074
TOTAL	**5,405**	**6,026**	**6,020**	**6,206**

! Source: Central Bureau of Statistics (Note: This data was published once every five years)
" Source: Product Board for Horticulture
* Note: Estimated

Under pressure from the EU fruit and vegetable industry to simplify the current EU Fruit & Vegetable regime, European Commission adopted a proposal to amend the current market organization rules for pears, applicabl marketing year 2001/02. The proposal replaces Community thresholds with national thresholds, which means case of excess, aid will only be reduced in the member state that exceeded the national threshold. The process threshold for the Netherlands is 243 tons of pears. The amount of aid for pears is US $148.35 per MT.

Prices

The Netherlands: Average Auction Prices for Pears (Dutch Cents per kilo)						
	1994/95	**1995/96**	**1996/97**	**1997/98**	**1998/99**	**1999/00***
Total Average	91	83	95	127	110	131
Legipont	71	58	71	90	68	94
Beurre Hardy	66	53	65	135	63	77
Conference	100	99	99	138	123	137
Doyenne du C.	103	85	116	138	123	126
Cooking Pears	66	52	81	92	85	170
one US$ = Dfl	1.61	1.69	1.95	2.00	2.07	2,29

* July 99 thru June '00
Source: Product Board for Horticulture

In 2000, pear prices were good and expectations for another good pear season are realistic. The average pear amounted to US $0.46 in 1999 and US$0.55 in 2000.

Trade

The Netherlands is a large importer and exporter of pears. Imports are usually about 100,000 MT, with the EU supplying 25 percent and overseas countries like South Africa, Argentina and Chile others supplying the remai percent. Dutch imports of premium Korean "Golden Pears," belonging to the Nashi variety, is increasing. Ho "Golden Pears" are only available for a short period in the European market.

The Netherlands: Imports of non-EU Pears (Metric Tons)					
	1995	**1996**	**1997**	**1998**	**1999**
Chile	33,759	31,759	29,739	31,229	31,702
S-Africa	329	7,593	10,821	15,198	19,316
Argentina	20,882	11,565	11,983	16,518	22,965
U.S.A.	**3,045**	**2,951**	**3,130**	**7,800**	**5,249**
Others	823	1,192	2,522	3,848	2,913
Total	**58,838**	**55,060**	**58,195**	**74,593**	**82,145**

Source: Eurostat

The outlook for U.S. pear exports in 2000/01 is good given the high demand for pears and good prices. The U States is a fairly stable supplier of the Anjou pear to the Netherlands. Dutch imports of U.S. pears in 1999 de 33 percent compared to the previous year. Most pears are re-exported to other parts of the EU and Russia, wi 2 percent or less remaining in the Netherlands. The high season for imports of U.S. pears is in December and of each year.

The Netherlands: Imports of USA Pears (Metric Tons)					
	1995	**1996**	**1997**	**1998**	**1999**
U.S.A.	3,050	2,950	3,130	7,800	5,249

Source: Central Bureau of Statistics

Approximately 80 percent of the Dutch pear export consist of the variety "Conference." Total exports are usu about 150,000 MT, except in years with very high EU pear prices. Although prices in the 1999/00 season wer foreign demand pushed exports to record levels. It is expected that 2000/01 Dutch pear exports will be good, the tight EU pear market and expected higher pear prices. The United Kingdom is by far the most important e: destination for Dutch pears, followed by Russia, Sweden, France and Norway. Exports of Dutch "Conference" to Russia is increasing fast, mainly due to the low EURO and increasing consumption in Russia.