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Austria

Fresh Deciduous Fruit

Fresh Deciduous Fruits

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Executive Summary

The 1998 apple harvest is expected to decline somewhat. However, given dim export opportunities, producer prices are not expected to recover. Expected lower apple production should result in increased imports in 1998/99. 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 have been receiving to compensate for reduced income after EU accession, will be paid for the last time in 1998.

Apple juice concentrate exports, which probably increased significantly in 1997/98, should decline in 1998/99. In particular, exports to Japan and the U.S. are expected to decrease. The weak export prospects should also result in reduced domestic production and lower imports of concentrated apple juice from central European countries for further processing.

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 12.20 in 1997
AS 12.71 in the first half of 1998

Apples

PSD Table						
Country:	Austria					
Commodity:	Apples					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		07/1996		07/1997		07/1998
Area Planted	0	7100	0	7200	0	7300
Area Harvested	0	5740	0	5800	0	5900
Bearing Trees	0	15100	0	162800	0	163400
Non-Bearing Trees	0	3100	0	3000	0	3000
Total Trees	0	18200	0	165800	0	166400
Commercial Production	0	162400	0	188000	0	182000
Non-Comm. Production	0	204000	0	266400	0	210000
TOTAL Production	0	366400	0	454400	0	392000
TOTAL Imports	0	164000	0	125000	0	140000
TOTAL SUPPLY	0	530400	0	579400	0	532000
Domestic Fresh Consump	0	188000	0	190000	0	186000
Exports, Fresh Only	0	34200	0	55000	0	40000
For Processing	0	220000	0	240000	0	216000
Withdrawal From Market	0	88200	0	94400	0	90000
TOTAL UTILIZATION	0	530400	0	579400	0	532000

Production

Crop Area

Orchard expansion which began shortly before EU accession continued in 1997. However, as export opportunities have been less favorable than previously expected, area increase will only be small in 1998 and possibly 1999. Later, no further area expansion is expected. However, orchard renewal with smaller trees (M9) will continue.

Yields

The year 1997 was a carrier year which resulted in a 25% increase in table apple production.

Winter dormancy in 1997/98 was not interrupted by higher temperatures and thus no winter frost damage occurred. Some frosts in March/April 1998 were harmful to apricots and peaches but did not cause any damage to apples and pears. March and April were very dry, especially in eastern areas where a large share of apples is produced. In mid May, sufficient rains fell and prevented yield losses. Weather during the flowering period

was favorable which allowed intensive bee pollination. June fruit fall was normal. In general, May, June and the summer months were very warm which accelerated maturing of summer apples and pears. Thus, harvesting of summer apples and pears began one week earlier than usual. However, as 1998 is a rest year, apple output, particularly of non-commercial production, is expected to decline. Alternation of commercial production is usually more moderate.

Crop Quality

Weather in 1997 was satisfactory for winter apples/pears. In general, fruits had normal size, good flavor, and good shelf life. About 80 - 90% were regarded as first grade quality.

The quality of the 1998 summer apples/pears is regarded as good. Warm weather and occasional rains resulted in well developed 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. However, due to hail, the quantity of first grade apples should decline.

Production Policy

The 1997/98 demand for Austrian apples by other EU countries was lower than expected. Thus, after the sharp drop in 1995 (EU accession), the urgently expected price rise did not take place.

Again a good crop in other EU countries will probably avert a substantial price recovery in 1998/99. So far, prices of summer apples have risen only marginally.

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 18,000/ha were paid in 1996 and AS 12,600/ha in 1997, and for pears AS 31,700 in 1996 and AS 13,700 in 1997. The amount for 1998 has not yet been calculated but is expected to be considerably lower than that for 1997. 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

In 1996/97, per capita consumption of apples was 23.3 kg (+0.9%). As in 1997/98 an increased quantity of apples was available and no price rise took place, consumption of table apples probably increased again slightly. The lower 1998 production is expected to result in a slight price rise coupled with a slight consumption decrease.

The major share of apples is sold between February and June. During this time they also achieve the highest price. Outside of this season other fruits are preferred. The predominant apple variety remains Golden Delicious but its share is expected to decline somewhat. There is a good demand for Gala, Braeburn and Idared. Colorful types of Jona Gold are selling well. Interest in Elstar is stagnant and demand for Gloster, Lobo, and MacIntosh continues to decline.

Trade

Following EU accession, Austria suffered losses on the domestic market, which however, could be easily accepted by producers. While before accession about 5% of table apple requirement was imported, after 1994 around 20% have been coming from other countries. Germany, Netherlands and particularly Italy have been pushing into the Austrian market following EU accession. However, supplies from Hungary, Czech Republic, Slovakia, and other countries have also increased. Due to easier market access after EU accession, imports from New Zealand, South Africa, Chile and Argentina increased somewhat.

Due to the smaller Austrian crop, imports in 1998/99 should rise. Austria's neighbor Italy, which expects an increased crop, should step up its 1998/99 supplies to Austria, in particular.

As in previous years, the major share of imports will be processing apples whereas table apple imports should account for only around 40,000 MT.

Border opening to other EU markets after EU accession made large apple exports possible. The domestic market losses of table apples were more than offset by exports in 1997/98.

Given Austria's smaller apple harvest and good crop expectations in other EU countries, exports in 1998/99 should decrease. Most exports should go to Germany. However, traders are also trying to step up deliveries to Scandinavia.

Trade matrix will be provided in November or December 1998, when trade figures become available.

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 is under discussion.

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 for 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					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		07/1996		07/1997		07/1998
Area Planted	0	479	0	500	0	500
Area Harvested	0	393	0	420	0	420
Bearing Trees	0	1703	0	1750	0	1800
Non-Bearing Trees	0	155	0	160	0	160
Total Trees	0	1858	0	1910	0	1960
Commercial Production	0	5700	0	5300	0	5700
Non-Comm. Production	0	35700	0	34000	0	36800
TOTAL Production	0	41400	0	39300	0	42500
TOTAL Imports	0	24000	0	28000	0	25000
TOTAL SUPPLY	0	65400	0	67300	0	67500
Domestic Fresh Consump	0	45000	0	46000	0	46000
Exports, Fresh Only	0	0	0	0	0	0
For Processing	0	15400	0	20000	0	20000

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).

Few regions are suitable for pear production. In these areas, pear areas have been rising slightly in recent years.

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

Yields

Pear trees were in a rest year in 1997 which resulted in a 5% output drop compared to 1996. In 1998, a carrier year, production should rise considerably (+8%). The expected increase is also a result of favorable weather conditions and replacement of older trees by new, higher yield trees. Total production is expected to be around 42,000 MT of which about 27% will be summer pears.

Consumption

Pear consumption has been stagnant for many years and no change is expected in 1998/99. The per capita consumption was 5.5 kg in 1996/97 and 1997/98.

Given the expected large EU and Austrian pear crop, price pressure will be high.

Trade

The smaller 1997 domestic crop was probably consumed by January 1998. After this time, only imported fruits were available on the market. However, in contrast to previous years when foreign pears could enter the country after the domestic crop was sold, imported EU pears are now available on the Austrian market parallel with domestic pears.

As production is expected to rise and demand for pears is relatively small, imports should decline somewhat in 1998/99. Predominant suppliers should be Italy and Spain. About 4,000 - 5,000 MT should come from southern hemisphere countries.

Pear exports should remain negligible.

Trade matrix will be provided in November or December 1998, when trade figures become available.

Policy

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

Marketing

Market Development Opportunities

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	Juice					
Country:						
Commodity:						
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin						
Deliv. To Processors	0	220000	0	240000	0	216000
Beginning Stocks	0	15100	0	9200	0	9200
Production	0	25000	0	30000	0	27000
Imports	0	19000	0	38000	0	34000
TOTAL SUPPLY	0	59100	0	77200	0	70200
Exports	0	42100	0	60300	0	53000
Domestic Consumption	0	7800	0	7700	0	8000
Ending Stocks	0	9200	0	9200	0	9200
TOTAL DISTRIBUTION	0	59100	0	77200	0	70200

Production

General

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.

After three years of decrease, cider apple output rose 52% in 1997. Farmers delivered probably around 70,000 MT (+40%) of raw material to the processing industry and 30,000 MT may have come from warehouses. In addition, juice may have been made from about 140,000 MT of cider apples imported mainly from central Europe.

Current estimates put the cider apple output below the 1997 level, but nevertheless a good crop is expected. Due to the expected large availability in main competitor and supplier countries (Germany, Poland, Hungary etc) and probably reduced demand by the industry, only AS 0.70 - 0.80/kg (-20%) is currently paid for processing apples. Again a significantly increased share of raw material should be met by imports from central European countries.

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.

Due to weaker export opportunities, apple juice production is expected to drop in 1998/99.

Consumption

In 1997/98, apple juice consumption - and fruit juice consumption in general - probably dropped further as ice drinks and “power drinks” continued successfully competing with fruit juices. In addition, July and August 1997 were relatively cool which caused a decline in demand for beverages. Furthermore, the number of consumers has declined due to decreasing tourism.

The trend to iced teas and similar beverages may have leveled off in 1997/98. In addition, increased tourism and a hot July and August 1998 should step up apple juice consumption slightly in 1998/99.

According to industry sources, the major share of apple juice is consumed as pure juice, and only a small share as blends with water, mineral water and artificial flavors.

The retail price for apple juice is considerably lower than that for orange juice, a traditional competitor. Prices for both products have been fairly stable since 1993.

As with other foods, there is also a small market for organically produced apple juice. Many farmers make use of the continuing health awareness and offer such juices on farmer markets.

According to a Nielsen study carried out in 1996, orange juice accounted for around 50% of total fruit juice consumption, apple juice for 20%, and the rest with other juices. The total juice market was AS 1,826 million. These figures probably also reflect the current market.

There is a trend to soft packages which complies with requirements of the trade sector in the direction of disposable wrappings. In terms of quantity, 70% of fruit juices are packed in block packagings, 28% in bottles, and 1% in cans.

Trade

Before EU accession, the major share of cider apples and concentrated apple juice (CAJ) was imported in bond and after processing and “refining” or blending, respectively, exported. Since now the major share is sold on the large common market, most in-bond imports have been replaced by real imports. Most of the imports still come from central European countries, particularly Hungary (an Austrian firm has a joint venture in this country), Poland, Romania, Bulgaria and Moldova. However, the expected weaker exports should result in reduced 1998/99 CAJ imports for further processing from central European countries. Imports from other EU members should remain relatively small.

Probably the main gainer from EU accession was the export-oriented juice industry which has been considerably expanding deliveries to most member countries each year. However, exports to the U.S. and Japan probably declined in 1997/98.

In 1998/99, total CAJ exports are expected to decline. A particularly strong decrease is expected in deliveries to the U.S. and Japan. According to industry sources, these countries are increasingly served by China.

Trade matrix will be provided in November or December 1998, when trade figures become available.

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.