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Portugal

Fresh Deciduous Fruit

Portugal's Table Grape Sector

1999

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Report Highlights:
Due to favorable weather conditions, Portuguese 1999 table grape production is forecast to increase 40% over the previous year. Increasing due to changing consumption patterns, particularly rising off season demand, table grape imports are also expected to grow in 1999. 1 USD = 192 Pte.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Lisbon[PO1], PO

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Executive Summary

Portugal’s fresh table grape production has rebounded in 1999, with average yields 40% above the previous year and production expected to reach 56,000 tons. Due to a moderate expansion in table grape vineyard area in recent years, grape output is expected to continue growing in the medium term.

Domestic table grape consumption fluctuates, reflecting local production. However, due to a more regular demand pattern throughout the year, grape consumption is increasing. Locally-produced grapes continue to account for the bulk of consumption, favored due to more attractive prices and prevailing consumer preference. Imported grapes, sold mostly during the "off-season," accounted for 31.6% of total 1998 domestic table grape consumption. During 1999, that share is expected to decline to an estimated 27.0% due to higher local output. Total CY-1999 domestic table grape consumption is forecast at 77,040Mt.

Table grape imports from all origins have been increasing, favored by the Single Market and retailing changes which tend to make imported food products more accessible to the general public. The EU, led by Spain, accounts for the bulk of imports. The non-EU share in total is also increasing to meet rising off-season demand, consisting primarily of imports from Chile and S. Africa. It is expected that the off-season demand will lead to further growth from S. Hemisphere suppliers. Imports for 1999 are forecast at 21,250 Mt.

1 USD = 192 Pte

PORTUGAL: THE TABLE GRAPE SECTOR AT A GLANCE

PORTUGAL: TABLE GRAPE PRODUCTION, SUPPLY & DISTRIBUTION TABLE

	CY-1997	CY-1998	CY-1999
	Metric Tons		
Area (1,000 Ha)	7	8	8
Production	61,408	39,844	56,000
Imports	15,706	18,478	21,250
TOTAL SUPPLY	**77,114**	**58,322**	**77,250**
Exports	144	72	210
Consumption	76,970	58,250	77,040
TOTAL DISTRIBUTION	**77,114**	**58,322**	**77,250**

Production

Overall favorable weather conditions enabled good vegetative development of table grape vineyards during the current year, and a significant average yield recovery over the 1998 low. Moderately expanding table grape area (see table in section below) should lead to slight output expansion in the medium-term.

Table grape production is concentrated in the *Ribatejo e Oeste* region, as well as in the Southern regions of the *Algarve* and *Alentejo*, where 61%, 23% and 14% of total area, respectively, is located. The main varieties are early season *Cardinal*, mid-season *Alphonse Lavallée*, *D. Maria, Moscatel*, *Diagalves*, and late-season *Rosaky.* National table grape areas and outputs in 1996, 1997 and 1998 are provided in table below.

PORTUGAL: TABLE GRAPE AREAS AND OUTPUTS

Area			Outputs		
1996	**1997**	**1998**	**1996**	**1997**	**1998**
Units: Hectares			**Units: Metric Tons**		
6,930	7,210	7,528	55,925	61,408	39,844

SOURCE: NATIONAL STATISTICS INSTITUTE INE

Producer prices are subject to considerable fluctuations. At the highest at the beginning of the harvest, they generally decline during the rest of the marketing season. Below are the most frequent monthly price quotations for the 1998 and 1999 marketing seasons for leading local grape varieties by key origin markets, collected by the Agricultural Markets Information Service.

"Alphonse Lavallée" Table Grapes: Most Frequent Producer Prices
Period: January 01, 1998 to September 24, 1999 (Pte/Kg)

Region	1998			1999	
	August	September	October	August	September
Alenquer	150.0	152.5	150.0	100.0	95.0
Ribatejo	150.0	152.5	150.0	100.0	92.5

SOURCE: AGRICULTURAL MARKETS INFORMATION SERVICE SIMA

"Cardinal" Table Grapes: Most Frequent Producer Prices
Period: January 01, 1998 to September 24, 1999 (Pte/Kg)

Region	1998				1999			
	Jun	July	August	Sept	June	July	August	Sept.
Alenquer	-	-	147.5	-	-	90.0	90.0	90.0
Algarve	475.0	176.0	215.0	220.0	270.0	150.0	110.0	100.0
Ferreira do Alentejo	-	200.0	200.0	-	-	-	140.0	-
Palmela	-	152.5	160.0	-	-	136.6	105.0	-
Ribatejo	-	133.3	146.6	-	-	90.0	82.5	-

SOURCE: AGRICULTURAL MARKETS INFORMATION SERVICE SIMA

"D. Maria" Table Grapes: Most Frequent Producer Prices
Period: January 01, 1998 to September 24, 1999 (Pte/Kg)

Region	1998			1999			
	August	Sept	October	June	July	August	Sept.
Alenquer	-	172.5	146.6	-	200.0	1700	107.5
Algarve	197.5	183.7	182.0	-	200.0	170.0	110.0
Ferreira do Alentejo	-	200.0	200.0	-	-	-	-
Palmela	190.0	187.5	160.0	-	-	150.0	117.5
Ribatejo	-	162.5	150.0	-	-	-	102.5

SOURCE: AGRICULTURAL MARKETS INFORMATION SERVICE SIMA

Consumption

Total table grape consumption is variable, remaining closely related to the level of national output, and highest around the harvesting season between June and October. However, this traditional pattern is gradually changing, with lifestyle changes and trends in trade and retailing causing a more regular year-round consumption pattern.

As with agricultural products in general, consumers prefer locally-produced grapes. However, the share of imports has been increasing, boosted by the Single Market and the revolution in retailing. The latter, marked by an explosion of hyper-market and super-market chains during the 90's, has increased consumer exposure to attractively-priced foods and produced an ideal vehicle for mass-marketing of imported food products. On the other hand, grape consumption is limited by competition from other fruits, and the higher prices commanded by imported grapes and their alleged inferior quality compared to that of the local varieties. Prices of table grapes at wholesale or retail are highly variable, peaking during "off-season" periods and reaching a minimum at the height of the local harvest. The price gap between locally-produced and imported grapes is generally quite large. The differences in perceived quality and other market imperfections also lead to a price differentiation among grapes of different origins, even when consisting of the same variety. Below are representative market prices.

Wholesale Market Prices (Pte/Kg): Variety: Red Globe; Origin: Chile & S. Africa

	January	February	March	April	May	June	July
Cais do Sodre Market (Lisbon)							
From Chile							
1998	720.0	577.7	420.0	442.6	496.1	528.1	500.0
1999	n.a.	500.0	384.0	408.5	475.0	482.8	495.0
From S. Africa							
1998	828.0	630.0	476.1	484.2	500.0	n.a.	n.a.
1999	760.0	635.2	415.9	390.4	450.0	n.a.	n.a.
Porto Market							
From Chile							
1998	750.0	542.1	418.0	435.0	498.8	571.3	n.a.
1999	-	545.4	378.1	394.1	463.3	460.0	n.a.
From S. Africa							
1998	891.2	599.5	432.6	455.7	n.a.	n.a.	n.a.
1999	712.5	610.8	383.3	373.7	450.0	n.a.	n.a.
Rego Market (Lisbon)							
From Chile							
1998	750.0	591.0	447.1	458.9	505.7	566.1	545.3
1999	-	576.1	420.7	380.4	478.5	484.0	460.0
From S. Africa							
1998	925.0	644.7	462.8	470.0	483.1	n.a.	n.a.

1999	683.3	603.6	401.3	378.5	470.5	480.0	n.a.
SOURCE: AGRICULTURAL MARKETS INFORMATION SERVICE SIMA							

Table Grapes: Most Frequent Supply/Wholesale Market Prices

Variety: Alphonse Lavalée; Origin: S. Africa & Portugal (Algarve)
Period: Jan 01, 1998 to September 24, 1999
Units: Pte/Kg

Origin:	S. Africa			Portugal (Algarve)		
	Feb.	**March**	**April**	**August**	**September**	**October**
	Cais do Sodre Market (Lisbon)					
1998	512.0	433.3	**n.a.**	200.0	169.5	157.5
1999	500.0	450.0	**n.a.**	115.0	97.2	n.a.
	Porto Market					
1998	454.2	400.0	n.a.	189.0	162.8	160.0
1999	456.3	350.0	324.0	126.4	117.2	n.a.
	Rego Market (Lisbon)					
1998	472.2	400.0	407.5	213.6	181.3	174.0
1999	430.0	370.0	350.0	127.2	89.4	n.a.

SOURCE: AGRICULTURAL MARKETS INFORMATION SERVICES SIMA

Table Grapes: Most Frequent Supply/Wholesale Market Prices

Variety: Cardinal; Origin: Portugal (Algarve)
Period: Jan 01, 1998 to September 24, 1999
Units: Pte/Kg

	June	**July**	**August**	**September**	**October**
	Cais do Sodre Market (Lisbon)				
1998	336.6	173.9	209.5	205.0	n.a.
1999	321.4	157.3	112.8	100.0	n.a.
	Porto Market				
1998	458.0	180.7	178.0	180.0	n.a.
1999	520.0	132.8	114.7	n.a.	n.a.
	Rego Market (Lisbon)				

1998	386.6	209.1	207.0	196.0	n.a.
1999	432.7	158.7	114.7	108.0	n.a.

SOURCE: AGRICULTURAL MARKETS INFORMATION SERVICES SIMA

Table Grapes: Most Frequent Supply/Wholesale Market Prices

Variety: D. Maria; Origin: Portugal (Algarve)
Period: Jan 01, 1998 to September 24, 1999
Units: Pte/Kg

	July	August	September	October
	Units: Pte/kg			
	Cais do Sodre Market (Lisbon)			
1998	246.6	231.5	195.0	170.0
1999	n.a.	178.5	122.2	n.a.
	Porto Market			
1998	253.3	241.2	210.4	168.5
1999	n.a.	161.0	133.3	n.a.
	Rego Market (Lisbon)			
1998	265.0	254.0	217.2	212.1
1999	n.a.	182.8	140.0	n.a.

SOURCE: AGRICULTURAL MARKETS INFORMATION SERVICES SIMA

Trade

Spurred by a reduced crop, imports increased 17.6% in volume in 1998. Total table grape imports are likely to increase again in CY-1999 in spite of the higher crop, stimulated by growing consumption. During Jan/April 1999, imports increased 92.3% over 1998. Given expectations for consumption growth, imports are also likely to continue increasing.

The EU, led by Spain, dominates the import market, favored by the geographical proximity and Single Market rules, and by the use of several varieties similar to some of those locally-produced. Imports from non-EU origins have also been making progress, profiting from the rising off-season demand. During Jan/April 1999, imports from non-EU origins rose 34.7% over in 1998. Non-EU suppliers are led by Chile and S. Africa, which profit from an alternate production season and availability of grape varieties resistant to transportation stress. Total table grape imports from non-EU origins are likely to continue growing. However, factors that may hinder this growth are a generalized consumer perception of lower quality of "off-season" grapes exported by Chile and S. Africa, the considerably higher prices, and competition from other fruits. Below, are 1997, 1998 and Jan/April 1999 trade matrices.

PORTUGAL: TABLE GRAPE TRADE MATRIX

	CY-1997	CY-1998	JAN/APR 98	JAN/APR 99	Increase
			IMPORTS		(%)
			Units: Metric Tons		
EU					
Spain	11395	14562	125	1254	**905**
Italy	1563	711	0	212	**-**
Belgium	328	245	190	451	**136**
Germany	247	740	0	0	-
France	63	91	16	22	**-34**
Netherlands	47	321	296	86	**- 71**
OTHER					
Chile	1472	1252	867	1058	22
S. Africa	548	551	551	700	**27**
Brazil	43	6	6	8	**25**
Argentina	0	0	0	152	**-**
TOTAL	**15706**	**18478**	**2050**	**3942**	**92**

	CY-1997	CY-1998	JAN/APR 98	JAN/APR 99	Increase
			EXPORTS		(%)
			Units: Metric Tons		
EU					
Spain	100	8	0	0	**-**
Netherlands	40	17	17	0	**-100**
Germany	18	0	0	0	-
France	0	0	0	20	-
Belgium	0	0	0	72	-
OTHER					
Cape Verde	56	51	11	12	**14**
Angola	37	13	1	1	**- 31**
Mauritania	23	8	7	0	**- 100**
Guinea Bissau	4	0	0	0	**- 100**
Switzerland	4	1	0	0	-
Egypt	1	0	0	0	-
S. Africa	1	0	0	0	-
TOTAL	**144**	**72**	**36**	**105**	**189**

SOURCE: NATIONAL STATISTICS INSTITUTE INE

Other Grapes & Products

Trade of grapes for wine-making tends to reach significant volumes on low wine grape production years, spurred by the raw material needs of the Portuguese wine business. Due to the extremely poor 1998 wine crop, total CY-1998 wine grape imports expanded over 1997, and continued to rise during the first quarter of 1999. Wine grapes are basically of EU origin.

Raisin imports have generally been increasing with the expansion of the aperitif market as well as with the boom in the restaurant and catering business. The U.S. exported 37 Mt of raisins during CY-1997 (159 Mt fresh weight basis) for 10,904 thousand Pte. During 1998, raisin imports from the U.S. remained at 0.3 Mt and 179 thousand MT. Below are Table Matrices for Portuguese wine grapes, total fresh grapes (including table grapes and wine grapes) and raisins during CY-1997, CY-1998, and Jan/April 1999. Raisins have been converted to a fresh weight basis through application of a 4.3 conversion factor.

PORTUGAL: WINE GRAPE TRADE MATRIX

	CY-1997	CY-1998	JAN/APR 98	JAN/APR 99	Increase
			IMPORTS		(%)
			Units: Metric Tons		
EU					
Spain	1864	7484	220	580	**164**
Italy	0	111	0	80	-
Belgium	108	17	6	131	-
Germany	0	226	54	7	**- 87**
France	0	38	38	3	**- 93**
Netherlands	0	60	60	122	**104**
OTHER					
Brazil	2	0	0	0	**25**
TOTAL	**1974**	**7935**	**376**	**921**	**145**

	CY-1997	CY-1998	JAN/APR 98	JAN/APR 99	Increase
			EXPORTS		(%)
			Units: Metric Tons		
EU					
Spain	44	75	0	0	-
Italy	0	10	10	0	- 100
OTHER					
Cape Verde	2	3	0	1	**250**
Angola	0	9	0	1	-
Mauritania	2	1	1	0	**- 100**
Switzerland	0	1	0	0	-
TOTAL	**5**	**23**	**11**	**2**	**- 86**

SOURCE: NATIONAL STATISTICS INSTITUTE INE

PORTUGAL: TOTAL FRESH GRAPE TRADE MATRIX

	CY-1997	CY-1998	JAN/APR 98	JAN/APR 99	Increase
		IMPORTS			(%)
		Units: Metric Tons			
EU					
Spain	13259	22045	345	1833	**432**
Italy	1563	822	0	292	-
Belgium	436	261	195	582	**198**
Germany	247	966	54	7	**-87**
France	63	129	54	24	**-55**
Netherlands	47	381	356	207	**-42**
OTHER					
Chile	1472	1252	867	1058	**22**
S. Africa	548	551	551	700	**27**
Brazil	44	6	6	8	**25**
Argentina	0	0	0	152	-
TOTAL	**17679**	**26413**	**2427**	**4863**	**100**

	CY-1997	CY-1998	JAN/APR 98	JAN/APR 99	Increase
		EXPORTS			(%)
		Units: Metric Tons			
EU					
Spain	145	83	0	0	-
Netherlands	40	17	17	0	**-100**
Germany	18	0	0	0	-
France	0	0	0	20	-
Belgium	0	0	0	72	-
Italy	0	10	10	0	**-100**
OTHER					
Cape Verde	58	54	11	13	**19**
Angola	37	21	1	2	**38**
Mauritania	25	9	8	0	**-100**
Guinea Bissau	4	0	0	0	**-100**
Switzerland	4	1	0	0	-
Egypt	1	0	0	0	-
S. Africa	1	0	0	0	-
TOTAL	**149**	**95**	**47**	**106**	**124**

SOURCE: NATIONAL STATISTICS INSTITUTE INE

PORTUGAL: GRAPE RAISIN TRADE MATRIX

	CY-1997	CY-1998	JAN/APR 98	JAN/APR 99	Increase
			IMPORTS		(%)
			Metric Tons, Fresh Weight Basis (*)		
U.S.A.	159	1	0	0	-
EU					
Spain	1182	1200	115	176	**53**
Greece	259	83	0	0	-
Netherlands	88	9	0	2	**325**
France	32	83	4	1	**-67**
OTHER					
Turkey	4104	3467	292	163	**-44**
Argentina	1044	850	0	0	-
Iran	587	412	75	317	**320**
Chile	503	357	163	0	**-100**
Australia	446	760	0	89	-
Afghanistan	116	0	0	0	-
S. Africa	84	252	0	84	-
TOTAL	**8605**	**7473**	**649**	**830**	**28**

	CY-1997	CY-1998	JAN/APR 98	JAN/APR 99	Increase
			EXPORTS		(%)
			Metric Tons, Fresh Weight Basis (*)		
USA	0	0	0	0	-
EU	0	0	0	0	-
OTHER					
Angola	489	245	117	1	**-99**
Cape Verde	14	10	1	3	**131**
S.T.P.	5	0	0	0	-
TOTAL	**509**	**256**	**118**	**4**	**-96**

*/ Calculated using a 4.3 coefficient; SOURCE: NATIONAL STATISTICS INSTITUTE INE

Marketing

U.S. grape exports to Portugal are hindered by EU import tariffs, as well as by the coinciding harvesting season. However, given the considerable output fluctuation in the EU and local consumption trends, there is a potential for U.S. table grapes during low crop years, especially for varieties similar to locally produced ones. A profitable niche market also exists for imported raisins of U.S. origin.

Fresh table grapes are imported by traditional specialized traders organized under an association of fruit handlers, as well as by the larger hyper-markets and super-markets. Raisins are imported by a small group of specialized traders as well as by the larger hyper-market and super-market chains.