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Report Highlights:

In MY 2020/21, EU production of peaches and nectarines may decline 15 percent to 3.4 million MT. The drop is due to unfavorable weather conditions and a continuous decrease in total EU planted area in response to low profits. Similarly, EU cherry production is projected to lower almost five percent compared to last season to 702,700 MT. During this marketing year, the expected drop in EU stone fruit production may rebalance the market and improve EU stone fruits prices. EU stone fruit exports continue to decline because of the 2014 Russian embargo imposed on EU food products. In MY 2020/21, in response to EU domestic supplies, EU imports of stone fruits may increase. The United States is the fifth largest non-EU supplier of cherries, but imports are trending down. The EU stone fruit sector was not negatively impacted by the COVID-19 pandemic and harvest season developed normally.

Disclaimer: This report presents the situation and outlook for stone fruit including peaches, nectarines and cherries in the EU. The report presents the views of the authors and does not reflect the official view of the U.S. Department of Agriculture (USDA). The data are not official USDA data.

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Harmonized System (HS) Codes:

Peaches and nectarines HS Code 080930
Cherries HS Code 080921, 080929

Abbreviations and definitions used in this report

CAP Common Agricultural Policy
CMO Common Market Organization
EC European Commission
EU European Union
FAS Foreign Agricultural Service
GTA Global Trade Atlas
MY Marketing year
MS EU Member State
MT Metric ton (1,000 kg)
MMT Million Metric Tons
PS&D Production, Supply and Demand
USD U.S. Dollar

Note: The European Union Member States (MS) are mandated to annually provide the EU Commission with data concerning the "production area" of permanent crops. This means "the area that can potentially be harvested in the reference harvest year. It excludes all non-producing areas, such as new plantations that have not yet started to produce" (Regulation (EC) No 543/2009 of the European Parliament and of the Council of 18 June 2009, Article 2 (f)). In this report, this corresponds to the line "Planted Area." Not all MS publish harvested data. Hence, in this report, the line "Area Harvested" is a FAS Post estimate.

EU Stone Fruit Production to Decline May Encourage EU Imports

Executive Summary

In MY 2020/21 (January/December), the European Union (EU) production of peaches and nectarines may decline 15 percent compared to previous year to 3.4 million MT. This drop is expected in most of the major EU producing countries due to unfavorable weather conditions during spring and a continuous decrease in area planted. According to FAS Post projections, the area planted is anticipated to trend down at 216,550 ha (hectares) in MY 2020/21. Additionally, in MY 2020/21 (April/March), EU cherry production is projected to lower almost five percent compared with the last season to 702,700 MT. The expected strong drop in the major producing countries is supported by unfavorable weather conditions during flowering and ripening. Based on FAS projections, the updated data for total EU cherry planted area is expected to stabilize around 162,000 ha in MY 2020/21. During this marketing year, the EU stone fruit market is expected to rebalance and improve EU market prices for stone fruits.

Despite the COVID-19 crisis, the EU stone fruit sector was not negatively impacted. In addition, EU consumption of fruits and vegetable, particularly stone fruits, increased during the government-mandated lockdown and favorable weather conditions during summer. The harvest season developed normally following the COVID-19-related sanitary standards and with available seasonal workers. In addition, the EU implemented special measures to ensure the continuance of operational programs of fruits and vegetables (see Policy section).

The EU is a net exporter of peaches and nectarines with exports largely exceeding imports. In MY 2019/20, EU's imports of peaches and nectarines were valued at $78 million, amounting to 33,664 MT. EU imports by volume dropped 3.5 percent compared to the previous year due to an increase in production during 2019. Additionally, in MY 2020/21, EU peaches and nectarines imports are expected to slightly rise due to the forecast decrease in EU production. EU imports of peaches and nectarines from outside the EU are mainly sourced from Chile, South Africa, and Morocco. In addition, imports within the EU may increase to respond to domestic demand, sourced mainly from Spain. In MY 2019/20, the value of EU exports of peaches and nectarines increased 16 percent to $164 million and the volume rose 15 percent to 178,939 MT due to increased domestic supplies during 2019. Major export destinations for EU peaches and nectarines are other Member States and Ukraine, Belarus, and Switzerland. In MY 2020/21, EU exports of peaches and nectarines may decrease as EU production is expected to drop.

Conversely, the EU is a net importer of cherries sourced mostly from Turkey. The United States is the fifth largest non-EU supplier of cherries mainly imported through the United Kingdom and valued at $3 million in MY 2019/20. However, for the last two years, EU imports of U.S. cherries have been trending down due to increase competition from Serbia, Chile, and Argentina. In MY 2019/20, EU imports of fresh cherries were valued at $168 million with a total volume of 52,525 MT, a 12 percent increase compared to the previous season due to lower domestic supplies. In MY 2020/21, EU imports

of cherries may increase as EU cherry production is expected to decline. In MY 2019/20, EU cherry exports declined 45 percent in volume to 8,712 MT but increased 11 percent in value compared to previous season. The main export destinations for the major EU cherry producers are other Member States while the most important non-EU destinations are Belarus, Switzerland, and Serbia. In MY 2020/21, EU exports of cherries may decrease as EU cherry production is expected to decline.

Fresh Peaches & Nectarines

Table 1. Production, Supply and Demand Data Statistics

Peaches & Nectarines, Fresh	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	222,715	222,711	222,894	220,026		216,550
Area Harvested	203,328	203,296	202,097	200,226		196,894
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total Trees	0	0	0	0		0
Commercial Production	3,841,818	3,842,456	4,096,798	4,076,740		3,439,966
Non-Comm. Production	38,806	38,813	41,382	41,179		34,747
Production	3,880,624	3,881,269	4,138,180	4,117,919		3,474,713
Imports	34,900	34,892	30,000	33,664		35,000
Total Supply	3,915,524	3,916,161	4,168,180	4,151,583		3,509,713
Domestic Consumption	3,730,124	3,730,608	3,938,180	3,942,644		3,324,713
Exports	155,400	155,553	200,000	178,939		155,000
Withdrawal From Market	30,000	30,000	30,000	30,000		30,000
Total Distribution	3,915,524	3,916,161	4,168,180	4,151,583		3,509,713
(HA),(1000 TREES),(MT)						

Note: The values of "For Processing" have been added to the attribute "Domestic Consumption"

Source: FAS Madrid

In order of importance, the main EU producers of peaches and nectarines are Spain, Italy, Greece and France. There is also limited production in other EU Member States (MS), including Hungary, Portugal, Bulgaria and Poland. Italy used to be the EU's largest producer but in recent years Spain has become the biggest producer and exporter due to its early season harvest and yielding varieties. Greece is the EU's leading peach processor.

Production

In Marketing Year (MY) 2019/20, the EU area planted for peaches and nectarines was around 220,000 ha, 1.2 percent smaller than the EU area planted in 2017. Spain, Italy, and France continue to decrease their area planted due to the surplus of peach production that pressures market price resulting in poor economic conditions for farmers. In Spain, there is a shift in production toward tree nuts, particularly almonds. According to FAS post projections, in MY 2020/21, the EU planted area for peaches and nectarines is forecast to continue its decline by 1.5 percent. In addition, productivity gains for peaches and nectarines have been achieved with the introduction of new and higher yielding varieties that bring more diversity in the types of fruit and in harvest dates.

In MY 2020/21, EU production of peaches and nectarines is estimated to drop 15 percent to 3.4 million MT due to an expected decrease in most of the major EU producing countries because of unfavorable weather conditions (see Table 2). According to industry contacts, this year, the EU peach and nectarine market should experience a more favorable balance in production and demand. Overall, fruit quality is expected to be good.

Table 2. Major EU Fresh Peach & Nectarine Producers by Volume in MT

Country	MY 2018/19	MY 2019/20	MY 2020/21
Spain	1,472,859	1,606,195	1,414,913
Italy	1,147,793	1,235,254	875,000
Greece	964,673	956,959	900,000
France	184,065	203,323	187,300

Source: FAS EU offices

Over the last five years, Spain has become the largest peach and nectarine producer in the EU. Larger planted area and production growth in Spain's most important peach and nectarine regions of Aragón, Cataluña and Murcia, as well as significant increases in Extremadura, Andalusia, and Valencia, were the main factors contributing to the recent expansion in overall Spanish production. In recent years, a vast varietal renewal took place and Spain planted newer varieties with more intense flavors and color. However, an excess domestic supply of peaches and nectarines pressured the market price down; hence, in 2019, the Spanish peach and nectarine planted area decreased 3.75 percent to 80,000 ha.

Spain's production contributes to 40 percent of the total EU peach and nectarine production. Based on latest industry estimates, Spanish peach and nectarine production for MY 2020/21 is projected to return to 2018 production levels lowering 12 percent and amounting to 1.4 MMT. The main reasons for this production drop are the reduction of planted area and the unfavorable weather conditions during the spring season with heavy frosts and rainstorms. During the Spanish lockdown in response to the COVID-19 pandemic (March 14 - June 21), all the stone fruit crops were successfully harvested without major problems and developed normally under strong hygiene standards.

Italy's MY 2020/21 peach and nectarine production is forecast at 875,000 metric tons (MT), a 29 percent drop from the previous season due to the frost occurred at the end of March and early April which affected productivity in the regions of Emilia-Romagna, Campania, Puglia, Basilicata, Veneto, Piemonte, Toscana, and Lazio. Italy's peach and nectarine production area continues to decrease as there are no new replacement trees being planted after grubbing.

According to the Greek industry, there are approximately 48,000 hectares currently cultivated for peaches and nectarines. The main producing areas in Greece include Imathia, Pella, Pieria, and Kozani of Central Macedonia located in northern Greece, and the area of Larissa, in Thessaly, in Central Greece. Most of the crop is harvested in June and July. In MY 2020/21, Greece's peach and nectarine production is forecast to decrease by six percent due to unfavorable weather conditions, with hail that reduced the volume harvested in the main producing areas.

In MY 2020/21, France's peach and nectarine crop is expected to lower eight percent from last year due to frost in March and poor flowering due to high temperatures in April. In recent years, French peach and nectarine orchards continue to shrink due to poor economic conditions for peach producers combined with the loss of trees to the Sharka disease.

Unfavorable weather conditions during spring season in 2020 with frost and heavy rains may result in strong drops of peach and nectarine production in Hungary by up to 29 percent and in Portugal and Poland by 20 percent. On the other hand, Bulgaria's peach and nectarine production is forecast to remain flat.

Consumption

In MY 2020/21, consumption of peaches and nectarines in the EU is projected to decrease to 3.3 MMT in line with lower supply. This may result in a more balanced EU supply and demand of peaches and nectarines. However, favorable weather conditions encouraged EU consumption of peaches and nectarines but did not offset the loss of sales through the hospitality sector due to COVID-19 crisis. The short harvest and the high level of demand both in Spain and the rest of Europe have led to a good rate of commercialization and good prices for all stone fruit products. EU peaches and nectarines for processing may lower in response to fresh domestic demand.

As the major producing regions in the EU, Spain and Italy are also the major consumers of peaches and nectarines. Most Spanish and Italian peaches and nectarines are consumed fresh. Consumers in southern countries generally prefer large, sweet, and pulpy fruits, while the North European markets prefer smaller, slightly sour, and crunchy fruits. France, Portugal, Bulgaria, and Poland consume more peaches and nectarines than they produce while Hungary's market situation is more balanced. Additionally, Greece is the major peach processor in the EU followed by Spain. Freestone peach

varieties are used for fresh consumption, while clingstone varieties are predominantly used for processing.

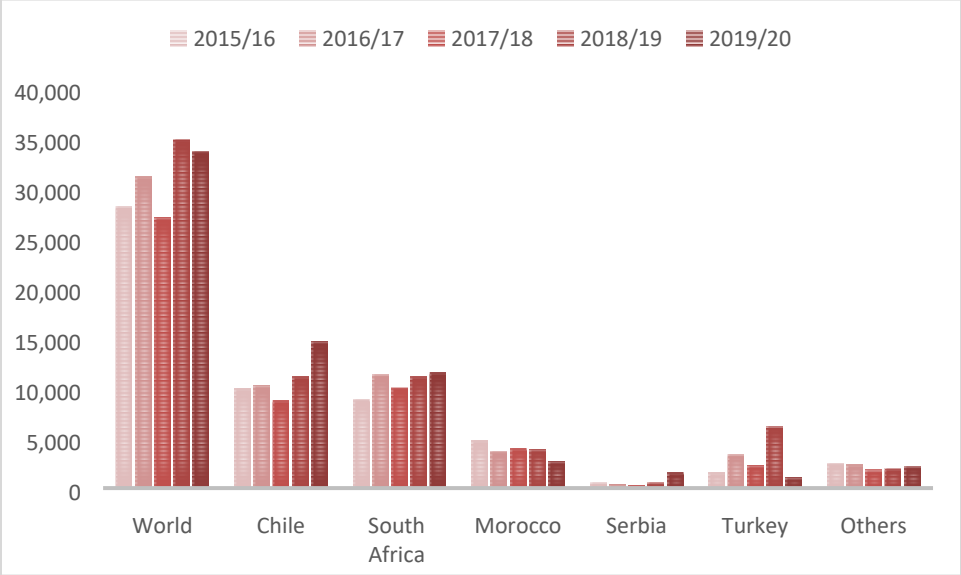
Trade

Imports

In MY 2019/20, the main suppliers of peaches and nectarines to the EU were Chile, South Africa, and Morocco (see Chart 1). In addition, EU imports of peaches and nectarines from Serbia increased strongly while imports from Turkey lowered sharply. According to the Trade Data Monitor (TDM), in MY 2019/20, the EU's imports of peaches and nectarines were valued at $78 million and amounted to 33,664 MT, a 3.5 percent drop from the previous year due to an increase in production during 2019. France has a massive peach and nectarine trade deficit, with more than half of total imports sourced in the southern hemisphere and imported during the European off-season.

In MY 2020/21, EU peaches and nectarines imports are expected to rise slightly in response to a forecast decrease in production. In addition, imports within the EU may increase to satisfy domestic demand, sourced mainly from Spain.

Chart 1. EU Imports of Fresh Peaches & Nectarines by Origin and MY in MT



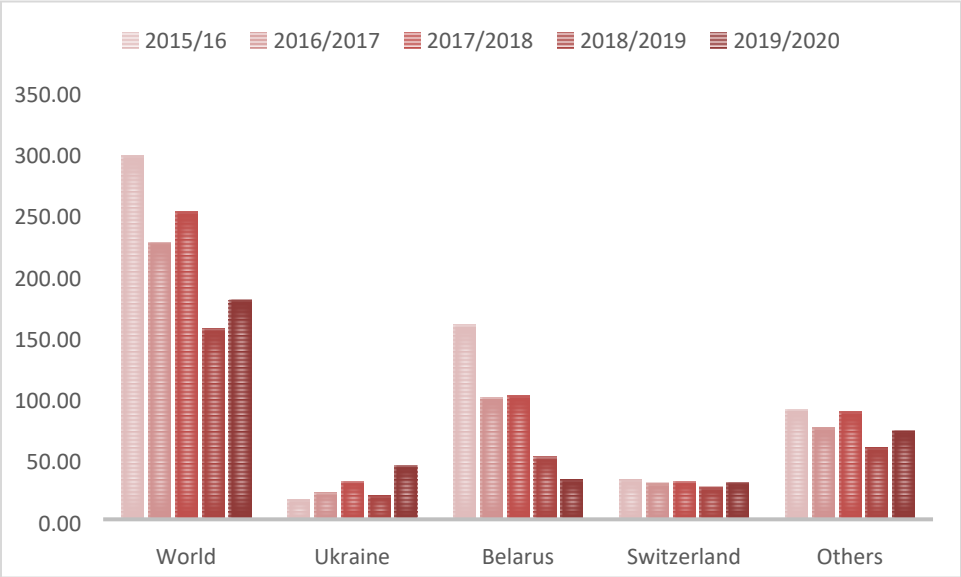
Source: TDM

Exports

The EU is a net exporter of peaches and nectarines with exports largely exceeding imports. In MY 2019/20, the value of EU exports of peaches and nectarines increased 16 percent to $164 million, and the volume rose 15 percent to 178,939 MT due to larger supplies in 2019. In MY 2019/20, the main export destination for EU peaches and nectarines were Ukraine, Belarus, and Switzerland (see Chart 2). EU exports to Ukraine grew significantly surpassing Belarus. In MY 2020/21, EU exports of peaches and nectarines may decrease due to the expected strong decline in supply.

The EU's major producers compete for sales within the European market. Thanks to an earlier harvesting period with high quality products, Spain continues to dominate the European market. Spanish total exports in MY 2019/20 were 829,436 MT, 11 percent higher than the previous season due a rise in Spanish supply. Ninety-five percent of Spain's peaches and nectarines exports are mainly shipped to the EU. The loss of the Russian market due to the 2014 Russian embargo (see Policy section) has been compensated with an increase in exports to other Member States and to third countries such as Switzerland, Brazil, and Middle East. In July 2016, China authorized imports of peaches and nectarines from Spain. However, as of the date of this report, Spanish exports of peaches and nectarines to China remain negligible due to logistical issues. During the first semester of 2020, at the peak of the COVID-19 crisis, Spanish exports to the EU increased 17 percent in volume and 33 percent in value, mainly driven by higher demand.

Chart 2. EU Exports of Fresh Peaches & Nectarines by Destination and MY in 1,000 MT



Source: TDM

Fresh Cherries (Sweet & Sour)

Production, Supply and Demand Data

Table 3. Production, Supply and Demand Data Statistics

Cherries (Sweet&Sour), Fresh	2018/2019		2019/2020		2020/2021	
Market Begin Year	Apr 2018		Apr 2019		Apr 2020	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	159,830	160,387	159,856	162,793		162,634
Area Harvested	153,992	153,967	151.956	155,744		155,668
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total Trees	0	0	0	0		0
Commercial Production	793,191	792,993	615,140	701,255		667,565
Non-Comm. Production	41,747	41,736	32,376	36,908		35,135
Production	834,938	834,729	647,516	738,163		702,700
Imports	46,734	46,734	55,000	52,525		55,000
Total Supply	881,672	881,463	702,516	790,688		757,700
Dom. Consumption	865,172	864,925	687,016	781,476		747,200
Exports	16,000	16,038	15,000	8,712		8,000
Withdrawal From Market	500	500	500	500		2,500
Total Distribution	881,672	881,463	702,516	790,688		757,700
(HA) ,(1000 TREES) ,(MT)						

Note: The values of "For Processing" have been added to the attribute "Domestic Consumption"

Source: FAS Madrid

The main EU cherry producers are Poland, Spain, and Italy followed by Greece, Hungary, Bulgaria, and Germany. There is also limited production in other EU member states, including France and Portugal. Poland is also the EU's largest cherry processor transforming 75 percent of its cherry production. Spain is the biggest exporter due to its early harvest season while Germany is the biggest EU importer. Italy is the number one consumer of fresh cherries.

Production

Total cherry production in MY 2020/21 is projected to lower almost five percent to 702,700 MT due to the expected slight decline in the major producing countries. Unfavorable weather conditions with frost and heavy rainstorms during the spring season account for the drop in production (see Table 4). Fruit quality is expected to be good. According to FAS projections, in MY 2020/21, the updated data for total EU cherry planted area will remain stable at around 162,000 ha.

In addition, EU cherry production in MY 2019/2020 has been updated due to a better than expected Italian cherry production. Ideal temperatures in June 2019 were beneficial to late varieties despite severe hailstorm that occurred in May 2019 that affected early varieties.

Table 4. Major EU Fresh Cherries (Sweet & Sour) Producers by Volume in MT

Country	MY 2017/18	MY 2018/19	MY 2019/20
Poland	260,600	196,300	195,000
Italy	114,797	98,602	100,000
Spain	107,000	115,400	95,900
Greece	90,326	90,304	85,000
Bulgaria	60,100	60,106	61,200
Hungary	83,566	63,000	55,000
Germany	60,125	60,271	53,500

Source: FAS EU offices

Post's MY 2020/21 forecast for Poland's total sweet and sour cherries production stands at 195,000 MT, a 0.7 percent decrease from last year. The total production number consists of 160,000 MT sour cherries and 35,000 MT sweet cherries. In MY 2020/21, Poland cherry orchard's acreage increased by 0.8 percent to 39,500 ha and more profitable table cherry varieties. The winter was mild, and in most Polish regions there were no winterkills in cherry orchards.

Italy's MY 2020/21 cherry production is preliminarily forecast at 100,000 MT, 1.4 percent more than the previous season, but below average due to the frost and severe hailstorms that occurred at the end of March and heavy rains at the beginning of June. Quality and calibers are expected to be good to excellent since many orchards are protected with hail nets. Puglia, Campania, Veneto, and Emilia-Romagna are Italy's leading producing areas. Furthermore, new orchards are entering production in Trentino. *Bigarreau, Regina, Kordia, Giorgia, and Ferrovia* are the main cherry varieties grown in Italy.

Spanish cherry production for MY 2020/21 is projected to lower 17 percent to 96,000 MT due to unfavorable weather conditions with frost and heavy rainstorms during spring season. The main cherry producing areas are Extremadura, accounting for over 35 percent of Spain's total. Aragon accounts for over 20 percent of Spain's production. Total Spanish cherry area planted is around 27,000 ha. In Spain, cherry harvesting takes place from the end of April through mid-August. The dominant varieties are: *Napoleon*, which is sold fresh and used for jams; *Ambrunesa*, which is a late variety with a crispy consistency and sweet taste; and, *Burlat*, an early harvested variety bearing a thick fruit with red, strong, juicy and sweet pulp. Some new varieties include *Starking*, *Lapins*, *Summit*, *Vittoria*, *Van* (California), *Picota* and *Sandy*. The sour varieties include *Richmond*, *Montmorency*, and *Morello*.

Greece's MY 2020/21 cherry production is forecast to decrease 5.7 percent due to unfavorable weather conditions during fruit setting. The extensive rainfall that occurred during the harvest period resulted in production losses in the main producing areas of Northern Greece. Pella, Imathia, Kozani (Northern Greece), and Larissa, Lamia (Central Greece) are the leading producing areas. Conversely, Bulgaria's MY 2020/21 cherry production is expected to increase slightly due to better production yields to 61,200 MT and a continued expansion of the area planted to 12,000 ha.

Hungary is one of Europe's largest sour cherry producers. The area planted with sour cherries is 14,400 ha. Domestic varieties are almost exclusively cultivated in the country. Technology and productions level vary widely. Total cherry production in Hungary is expected to decrease in MY 2020/21 to 55,000 MT because of unfavorable weather conditions of frost and drought during flowering and ripening. Meanwhile, new Hungarian hybrids, such as *Carmen*, *Rita*, and *Vera* are getting more popular among farmers.

Total German cherry production for MY 2020/21 is estimated to decline 11 percent to 53,490 MT. Sweet cherry production is estimated at 38,050 MT and tart cherries at 15,440 MT. The decrease is largely a result of frosts in March and May and drought. Popular varieties planted in Germany include *Bellise, Burlat, Kordia*, and *Regina* for sweet cherries and *Schattenmorelle* and *Morellenfeuer* for tart cherries (see GAIN Report). Additionally, in MY 2020/21, France's cherries crop is expected to decrease 1.4 percent to 34,400 MT due to an excess of rain in May that negatively impacted early varieties. Some excess moisture leading to fruit rot in several producing regions resulted in higher insect attacks (namely Drosophila Suzukii) compared to last year. The cherry planted area continued to decline as old orchards are not systematically replaced. Producers blame the lack of new disease resistant varieties as well as the high production cost. In addition, the 2016 French decision to ban a pesticide (Dimethoate) efficient against Drosophila Suzukiiwas was extended in 2020 (see Policy Section). Portugal's MY 2020/21 cherry production is forecast to drop strongly by 60 percent due to frost and heavy rainstorms that occurred during spring. Conversely, Bulgaria expects an increase in total stone fruit production.

Consumption

In MY 2020/21, EU consumption of cherries including cherries for processing may decline to an estimated volume of around 747,000 MT. Southern EU countries are the biggest EU consumers of fresh cherries together with Germany. Similarly, in MY 2020/21, cherries for processing may also decrease 20 percent to 285,000 MT due to the drop in Polish production as Poland processes 75 percent of its cherry production.

Sweet cherry is a seasonal fruit consumed fresh. Sour cherry is utilized principally by the processing industry. The main sour cherry products are frozen fruits, juice concentrates and jams or marmalade. In countries such as Spain, Portugal, France, Italy and Greece, domestic consumption is almost exclusively fresh. In Germany, fresh cherries are considered a seasonal product and stocked in supermarkets mainly during the German marketing season (July/August). In Hungary, the average per capita fruit

consumption is under the EU average. The expected larger stone fruit crop and lower prices will lead to continued growth in processing.

Trade

The EU is a net importer of cherries sourced mostly from Turkey (see Chart 3). The United States is the fifth largest non-EU supplier of cherries imported mainly through the United Kingdom. The main export destinations for the EU producers are other Member States; other destinations outside the EU are Switzerland, Belarus, and Serbia (see Chart 4).

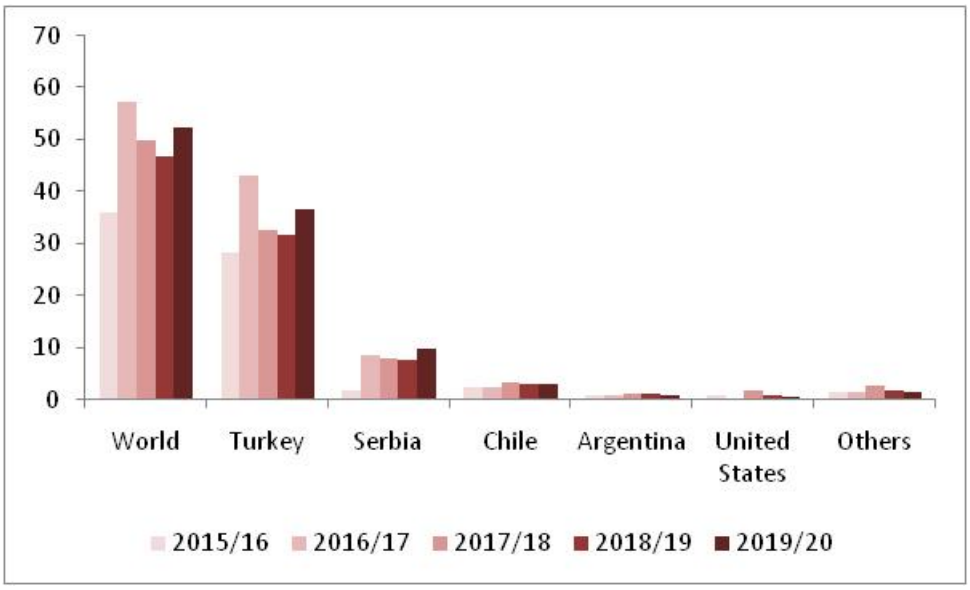
Imports

According to TDM, in MY 2019/20, EU imports of fresh cherries were valued at $168 million with a total volume of 52,525 MT, a 12 percent up compared to previous season due to lower supply. In addition, in MY 2019/20, the EU imported almost 500 MT of U.S. cherries (mainly through the United Kingdom), valued at $3 million. In MY 2020/21, EU imports of cherries may increase as EU cherry production is expected to decline.

Germany is the fourth largest importer of cherries in the world after China, Hong Kong, and Russia. From 2010 to 2019, between 52 and 77 percent of the cherries consumed in Germany were imported. German imports vary annually between 45,000 and 73,000 MT of cherries. The majority of imports originate from other EU member states, mainly Austria for sweet cherries and Hungary for tart cherries. The largest non-EU suppliers are Turkey for sweet cherries and Serbia for tart cherries. For 2020, imports from other EU member states are expected to significantly decline because of lower exportable production in Hungary, Italy, and Spain, which were also hit by adverse weather conditions in the spring. Higher imports from Turkey and Serbia are expected to fill the gap in imports from other EU origins.

France has a large trade deficit in cherries, importing mainly from other EU countries (mainly Spain followed by Germany). With a volume of about 300 MT, the United States used to be the third largest non-EU supplier of cherries to France after Turkey and Chile. However, France's decision to renew its ban on imports of cherries from countries where Dimethoate can be legally used on cherry trees, effectively cuts U.S. access to the French market (see Policy Section).

Chart 3. EU Imports of Fresh Cherries (Sweet & Sour) by Origin and MY in 1,000 MT



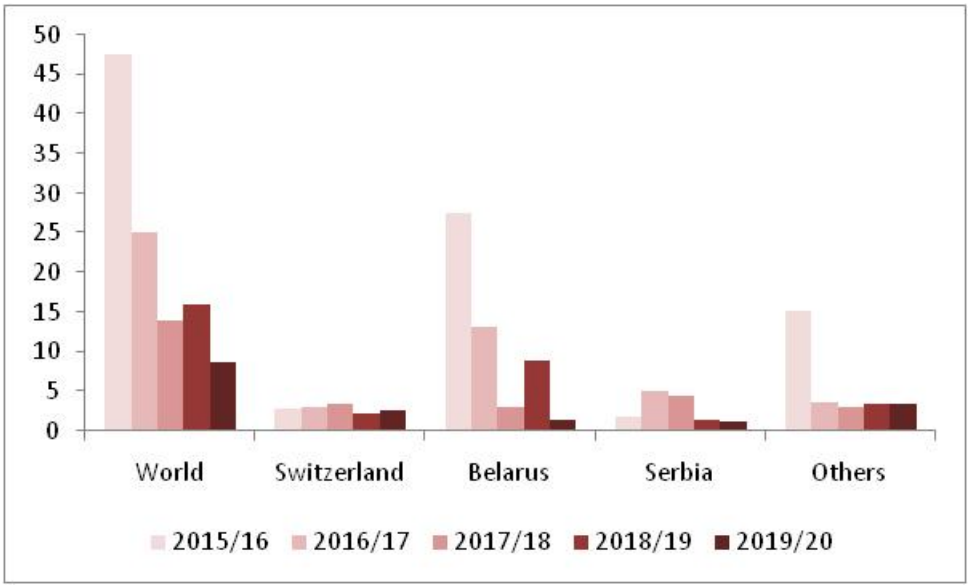
Source: TDM

Exports

In MY 2019/20, EU exports of fresh cherries declined 45 percent in volume to 8,712 MT and decreased 11 percent in value compared to previous year due to a short EU cherry supply. In MY 2020/21, EU exports of cherries may decrease as EU cherry production is expected to decline.

Poland is looking for new export markets since the 2014 Russian ban imposed on the EU food in August 2014 (see Policy section). Prior to the ban, Russia was the main cherry export market for both tart and sweet cherries capturing 60 percent of Poland's total cherry exports. In MY 2019/20, the main non-EU export destinations for Polish cherries were Belarus and Serbia. In MY 2019/20, the main Polish export destinations became the most profitable EU member states destinations, with Germany taking the lead. Italy and Spain focused their exports to the EU market, while Greece is also exporting to Serbia.

Chart 4. EU Exports of Fresh Cherries (Sweet & Sour) by Destination in 1,000 MT



Source: TDM

Trade Shows

Trade fairs play a key role in presenting new products to the trade or in finding additional buyers and importers. The most important trade shows related to the fruit and vegetable sectors are:

FRUIT ATTRACTION

FRUIT ATTRACTION	Next Fair:
Madrid, Spain (Interval: yearly) Target Market: Spain/International http://www.fruitattraction.com	October 20 - 22, 2020

Fruit attraction is an international Trade Show for the Fruit and Vegetable Industry sector with more than 1600 exhibitor companies from around the world.

FRUIT LOGISTICA

FRUIT LOGISTICA Berlin, Germany (Interval: yearly) Target Market: Germany/EU/Central & Eastern Europe The leading European trade show for fresh and dried fruit, nuts, and related products http://www.fruitlogistica.de	Next Fair: February 3 - 5, 2021

FRUIT LOGISTICA is the major trade show for fresh and dried fruits in Europe. The next show will take place on **February 3-5, 2021.** More than 2,400 companies from across the entire fresh produce value chain will participate, including major global players, as well as small and medium-sized suppliers from around the world.

BIOFACH

BIOFACH 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 17 - 20, 2021

BIOFACH is one of the most important trade shows for organic products in Europe. The next show will take place on **February 17 - 20, 2021.**

Policy

Stone fruit falls under the EU fruit and vegetables regime and is part of the Common Agriculture Policy (CAP). The following sections explain the main elements of the EU fruit and vegetables policy that refer to the stone fruit sector with special attention for the measures taken to address the COVID-19 crisis in the fruit and vegetable sector.

I. EU Policy Related to Stone Fruit

1.The Common Agriculture Policy (CAP)

Regulation (EU) No 1308/2013 outlines a framework for market measures under the CAP by the single Common Market Organization (CMO) and it entered into force on January 1, 2014. The CAP 2020 reform consists of four basic regulations, supplemented by delegated acts, and amends the implementing

rules for the fresh and processed fruit and vegetables sectors (Commission implementing Regulation (EU) No 543/2011).

On June 1, 2017, Commission Delegated Regulation 2017/891 entered into force to increase the support for withdrawals from the market for fruit and vegetable Producer Organizations (POs). This framework also seeks to make POs more attractive to non-members, provide greater clarity about what actions are eligible for EU funding and set a maximum percentage of produce that can be marketed outside the organization at 25 percent to create short supply chains whereby producers sell directly to consumers. It simplifies and clarifies legislation regarding payments to transnational POs and their associations.

These market measures under the CAP aim to:

a) Create a more competitive and market-oriented sector

The POs are still the key elements in the EU's CMO for fruit and vegetables. POs are legal entities established by producers to market commodities, including stone fruit. These POs are eligible to receive EU subsidies instead of individual producers. In order to qualify for EU subsidies, a PO must submit an operational program financed through an operational fund and directly receives the EU's financial contribution. The basis for the calculation of the estimated amount of the operational fund is the operational program and the value of the marketed production. The approval of operational programs happens under Regulation (EU) No 1308/2013.

COVID – 19: Flexibility in operational programs

On April 30, 2020, the Commission published Commission Delegated Regulation (EU) 2020/592to address the market disturbance in the fruit and vegetables and wine sectors caused by the COVID-19 pandemic and the related response measures. Producer organizations may implement crisis and prevention measures as part of their operational programs to increase their resilience to market disturbances. Under normal conditions, these crisis prevention and management measures may not exceed one third of the expenditure under the operational program, but according to this regulation that rule does not apply in the year 2020.

In general and under normal market conditions, fresh fruit and vegetable imports into the EU also have to comply with the EU-harmonized marketing standards. These standards apply at all marketing stages and include criteria such as quality, size, labeling, packaging, and presentation. Commission implementing Regulation (EU) No 543/2011provides for a general marketing standard for all fresh fruits and vegetables. Specific marketing standards are still in place for ten products, including peaches and nectarines, and are set out in Part B of Annex I on page 86 (section 5).

b) Diminish crisis-related fluctuations in producers' income

To achieve this objective, the EU offers funding under the operational programs for:

- Product withdrawal
- Green harvesting/non-harvesting;
- Promotion/communication tools;
- Training measures;
- Harvest insurance;
- Assistance to secure bank loans, and support for administrative costs associated with setting up mutual funds.

In their national strategies, the national authorities must determine which of these instruments can receive funds in their respective countries. The POs may take out loans on commercial terms to finance crisis prevention and management measures. The repayment of the capital and the interest on those loans may be eligible for financial assistance under the operational programs of the POs.

c) Encourage increased consumption of fruit and vegetables in the EU

The European "School Fruit Scheme" originated in 2009 as a measure to combat child obesity. It includes three elements: free distribution of fruit and vegetables in schools, informational campaigns on healthy eating habits, and monitoring and evaluation. As in previous years, the EU funds of $264 million (€250 million) are allocated in the school year 2019/2020 to all of the Member States (MS).

COVID – 19: School Scheme Extended

However, on April 30, 2020, the Commission published Commission Implementing Regulation (EU) 2020/600, which extends the definition of 'school year' until September 30, 2020. The implementation of the school scheme in the 2019/2020 school year has been disrupted, since the temporary closure of educational establishments was part of the measure that the Member States put in place to address the COVID-19 pandemic. In addition, time limits for the submission of aid applications for the accompanying educational measures have also been extended. There is also a possibility to reallocate unrequested Union aid amongst the Member States participating in the school scheme in the 2021/2022 school year.

In addition to the school fruit scheme, there is another way to encourage to increase the consumption of fruit and vegetables since the sector may also benefit from the European promotion budget for agricultural products and quality schemes. The Commission reformed its promotion policy with an extension of the product scope and a greater focus on export markets. The current promotion budget has reached $255 million (€200 million) in 2020. There will no longer be a need for national co-funding; EU associations will be able to apply directly for a program.

d) Increase the use of environmentally friendly cultivation and production techniques

At least 10 percent of operational program funding must be spent on environmental actions that go beyond mandatory environmental standards. MS with recognized POs must draw up a National Framework for Environmental Action (NEF) as part of their "national strategy for sustainable operational program." The NEF must contain a non-exhaustive list of environmental actions and the conditions applicable to them in the MS concerned.

CAP after 2020:

On 1 June 2018, the European Commission presented legislative proposals on the common agricultural policy (CAP) beyond 2020. The aim of the new proposals is to better respond to current and future challenges such as climate change. The CAP will continue to support European farmers, but the overall budget is lower compared to the previous period. For information on the CAP after 2020, please see:

https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap_en

2. Certification of Fruit Shipments

Fruit, vegetable, and nut shipments exported to the EU require a phytosanitary certificate. A USDA/Animal Plant Health Inspection Service (APHIS) inspector issues these 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.

Council Directive 2000/29/EC contains provisions concerning compulsory plant health checks. This includes documentary, identity, and physical plant health checks to verify compliance with EU import requirements. Directive 2019/523 amends Annexes I to IV of Directive 2000/29/EC and sets (new) protective measures against the introduction of harmful organisms for the import of several fruit and vegetable products from September 1, 2019. However, it is the worthwhile to check the specific article in Directive 2019/523 for each of the product/harmful organism combinations since these are all different. Most requirements are applicable for all third countries, but there are also requirements for certain products (apple, pear, blueberry) which only apply to the United States (U.S.), Canada and Mexico. The new legislation has established the obligation for non-EU countries to communicate some information for importing certain commodities under specific import requirements. Official information submitted by non-EU countries is available in the following website:
https://ec.europa.eu/food/plant/plant_health_biosecurity/non_eu_trade/declarations_en

In addition, Regulation 2016/2031 of the European Parliament and of the Council concerning protective measures against pests of plants replaced Directive 2000/29/EC on December 14, 2019. There is more

information available on the DG Health and Food Safety (DG SANTE) website: http://ec.europa.eu/food/plant/plant_health_biosecurity/non_eu_trade/index_en.htm

Commission Regulation 1756/2004 provides for a possibility to carry out plant health checks at reduced frequency when justified. The European Commission published the updated list of products on January 1, 2020. The Commission monitors imports of fruit and vegetables on an annual basis to determine how to adjust the frequency of testing consignments.

3. Maximum Residue Levels for Fruit

Maximum Residue Levels (MRLs) for pesticides, including import tolerances, have been harmonized throughout the EU since September 2008. As a marketing tool, some retail chains in the EU adopt private standards that exceed EU regulations by requiring their suppliers to adhere to stricter company policies that limit the maximum residues to 30, 50, or 70 percent of the respective EU MRL. Please find the link to the EU MRL database, as well as to the subscription page for the global MRL database for MRLs worldwide.

4. Tariffs

EU 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, which 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.

Tariff levels for 2020 are published in Commission Implementing Regulation 2019/1776. The tariffs for stone fruit remain unchanged compared to the levels of 2018 and are on page 97 for cherries,peaches and nectarines. The United States tends to sell high quality products at higher prices, which typically do not face additional duties.

II. Russian ban on agricultural products

On August 7, 2014, the Russian government implemented a ban for one year on a range of agricultural and food products, including stone fruit, from the United States, the European Union (EU), Canada, Australia, and Norway, in response to U.S. and EU sanctions over Russian actions in Ukraine. The CMO rules (see Regulation 1308/2013 in part I) provide various market management tools to stabilize markets and the Commission is empowered under the reformed CAP to take "exceptional measures" in case of market disruption. As such, the Commission introduced specific market support measures for the European fruit and vegetable sector since the start of the ban in 2014 until 2017. The last emergency

measures for fruit and vegetables were phased out on June 30, 2018. Overall, the EU granted $588 million (€500 million) of aid to EU producers of fruit and vegetables corresponding to 1.7 million tons of withdrawals from the market.

Please find more information on the Commission's response to the Russian ban here:

http://ec.europa.eu/agriculture/russian-import-ban/index_en.htm

III. French ban of dimethoate on cherries

On April 8, 2020, France published its fifth emergency decree banning fresh cherry imports from countries where the use of the chemical dimethoate is permitted in cherry production. France made the decision because the EU, despite prohibiting dimethoate use, had not yet set the maximum residue limits for the substance dimethoate. Growers use dimethoate to fight Drosphilasuzukii, an Asian fruit fly that causes considerable damages in cherry orchards. For more information, see GAIN FR2020-0010 France extends ban on US cherries over dimethoate use despite new EU rules.

On May 26, 2020, the Commission published the MRLs for dimethoate (Commission Regulation (EU) 2020/703)– and they will apply starting December 16, 2020. The MRLs for dimethoate on cherries will then drop to the limit of detection (0.01 ppm).

Attachments:

No Attachments