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The Netherlands

Fresh Deciduous Fruit

The Apple & Pear - Annual Report 1998

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Report Highlights:

This report provides an overview of the Dutch market for apples and pears.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
The Hague [NL1], NL

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Executive Summary

The 1998/99 Dutch apple crop is estimated at 520,000 metric tons, 10.6% larger than in 1997/98. Although the apple crop is up, it is still almost 10% less than the most recent five year average. The European Union (EU) apple crop is estimated at 7.1 million metric tons, roughly the same level as last year.

The 1998/99 Dutch pear crop, estimated at 130,000 metric tons, is down 10% from last year. The EU pear crop is up an estimated 27.5% from the low 2.4 million metric tons last year.

Dutch apple growers have been experiencing financial difficulties over the past few years due to an oversupply of apples on the EU market and the consequent fall in prices. In contrast, pear producers have benefitted from favorable prices over the past few years.

Apples continue to be an important trade item for the Netherlands. Although Dutch apple production only ranks 23rd in the world, the Netherlands ranks 5th as an apple exporter and 4th as an apple importer. The port of Rotterdam is a major transit point for hard fruits.

Given expected low 1998/99 EU apple prices, prospects for U.S. apples exports to the Netherlands are not bright.

EU pear prices are expected to be on reasonable levels in the 1998/99 season and therefore we foresee U.S. pear exports to the Netherlands to continue as is.

NOTE: Dutch apple and pear season is from July 1 through to June 30

APPLES

PSD Table						
Country:		The Netherlands				
Commodity:		Apples				
Market Year Begin	1996		1997		1998	
	Old	New	Old	New	Old	New
	07/1996		07/1997		07/1998	
Area Planted	15,137	15,137	15,191	15,191	0	14,553
Area Harvested	13,690	13,690	13,496	13,592	0	12,704
Bearing Trees	25,000	25,000	25,000	25,000	0	25,000
Non-Bearing Trees	6,000	6,000	6,000	6,000	0	6,000
Total Trees	31,000	31,000	31,000	31,000	0	31,000
Commercial Production	440,000	440,000	380,000	425,000	0	470,000
Non-Comm. Production	50,000	50,000	40,000	45,000	0	50,000
TOTAL Production	490,000	490,000	420,000	470,000	0	520,000
TOTAL Imports	300,000	274,078	335,000	300,000	0	240,000
TOTAL SUPPLY	790,000	764,078	755,000	770,000	0	760,000
Domestic Fresh Consumption	337,900	374,414	301,000	350,000	0	355,000
Exports, Fresh Only	370,000	305,501	400,000	319,731	0	300,000
For Processing	78,100	78,100	50,000	97,500	0	100,000
Withdrawal From Market	4,000	6,063	4,000	2,769	0	5,000
TOTAL UTILIZATION	790,000	764,078	755,000	770,000	0	760,000

Production

The Dutch apple crop is estimated at 520,000 metric tons, or 10.6% larger than in 1996/97. Although the apple crop is up, it is still almost 10% less than the most recent five year average.

Dutch growers are focusing their efforts on Elstar and Jonagold, the two most important apple varieties. These varieties, which are popular among consumers, tend to grow well in northwestern Europe. The significant difference between day and night temperatures causes the apples to blush which, along with the taste, is popular among consumers. In response to consumer demand, production of both the Elstar and Jonagold is forecast to be higher in 1998. However, production of other varieties, namely James Grieve, Gloster and Alkmene, is expected to fall in 1998 due to diminishing consumer demand for these varieties.

There are press reports that hundreds of Dutch apple growers are selling their apples to Polish companies who transport their own apple pickers to the Netherlands from Poland. Officially, this is not allowed because the Polish workers do not have a labor permit. However, the alternative for Dutch growers is unharvested fruit as there are not enough workers available locally to pick the fruit at the current wage.

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

	1994/95	1995/96	1996/97	1997/98	1998/99*
TOTAL	600	595	490	470	520
Apple Variety					
Elstar	190	185	150	135	180
Jonagold	175	190	140	145	165
Gold. Delicious	55	55	45	45	45
Cox's O.P.	55	45	50	50	50
Boscoop	45	45	30	35	35
Other Apples	80	75	75	60	45

* Estimates

Source: Product Board for Horticulture

The Dutch Agricultural Institute (LEI), a part of the Dutch Ministry of Agriculture, recently published a report concluding that current market circumstances will force an involuntary restructuring of the Dutch fruit growing industry. According to the report, only 1,600 of the current 2,616 growers, a 40% decrease, will be left by the year 2010.

The report identifies the following major problems facing the Dutch industry:

- stagnating European consumption;
- increased competition resulting from liberalization of world trade and increased world-wide apple production; and,
- a growing shortage of labor to harvest the fruit (although mechanical harvesting is a potential solution).

Growers who want to stay in business, according to the LEI report, need to do the following:

- invest in labor saving equipment; and,
- expand from the current average farm size of 7.5 hectares (18.75 acres) to 15 to 20 hectares (37.5 to 50 acres) by the year 2010.

Additionally, the report recommends that growers "listen" to the market. It is expected that, in the near future, 75% of all fruit will be sold via supermarkets. Supermarkets, and their customers, demand reasonably priced and high-quality fruit, in large, uniform quantities, grown in an "environmentally friendly" way. In order to stay in business, Dutch growers will have to respond to these changes in the market.

Crop Area

Because of an oversupply of apples on the EU market, the EU Commission reintroduced the so-called uprooting premium in 1998. Fruit growers receive a subsidy of DFL 11,000 (US \$ 5,500) per hectare (US \$ 2,225 per acre) if they discontinue their fruit growing operation. If they uproot only part of their acreage, they receive a subsidy of DFL 9,000 (US \$ 4,500) per hectare (US \$ 1,820 per acre). The maximum acreage in the Netherlands for which an EU subsidy is available is 546 hectares (1,350 acres).

Once every five years, the Dutch Central Bureau of Statistics (CBS) publishes the apple acreage by variety.

The Netherlands: Apple Acreage in Hectares

Apple Variety	1982	1987	1992	1997
Golden Delicious	3,981	2,698	1,583	1,192
Cox's Orange Peppin	2,676	2,350	2,087	1,503
Belle de Boscoop	3,381	2,111	1,542	1,281
James Grieve	1,252	906	545	205
Gloster	160	490	409	160
Elstar	309	2,055	4,794	5,127
Jonagold	789	1,956	3,775	4,598
Other varieties	3,436	2,566	2,248	1,125
TOTAL	15,984	15,128	16,983	15,191

Source: Central Bureau of Statistics

The Netherlands: Total Apple Acreage in Hectares

	1993	1994	1995	1996	1997	1998
Total	16,606	16,480	15,307	15,137	15,191	14,553

Source: Central Bureau of Statistics

Prices

Auction prices for apples have been low over the past several years, largely due to abundant world-wide supply of apples and other fruit. Returns to Dutch growers have been so low that many of them are in financial distress. Although EU apple stocks were lower during the first half of 1998 as compared to the same period the previous year, prices still fell. Growers who stored their apples in anticipation of higher prices, were confronted with lower prices and rising imports from countries in the southern hemisphere. Consumers tend to prefer "new" apples as opposed to Dutch apples that have been stored for months.

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

	92/93	93/94	94/95	95/96	96/97	97/98*
Average Price	46	51	66	81	75	70
<u>Apple Variety</u>						
Golden Delicious	47	51	70	80	73	68
Boscoop	44	56	67	99	97	72
Jonagold	47	60	76	87	75	62
Cox's Orange	56	47	66	98	89	92
Elstar	55	58	80	102	89	96
Gloster	40	49	68	83	49	45
Processing Apples	18	17	23	32	27	21
one US\$ = Dfl	1.86	1.82	1.61	1.69	1.95	2.00

Source: Central Bureau of Statistics

* thru April '98 only

Trade - U.S. Export Opportunities

U.S. apple exports to Europe are largely dependent on apple prices in Western Europe. Although it is still early in the season, it appears that European apple prices will be low again in the 1998/99 season. The EU apple crop will be about the same size as 1997/98, a marketing year characterized by very low prices. As this price trend is expected to continue in 1998/99, prospects for U.S. apple exports to Europe do not look very promising at the moment. However, apples prices also depend on availability of other fruits in the market. For instance high prices for oranges have a positive effect on the demand for apples. In other words a disappointing Spanish orange crop might save the EU apple market.

The Netherlands is an important destination for U.S. apples because of the port of Rotterdam. A significant percentage of U.S. apples are re-exported to other markets in Western Europe. The importance of Rotterdam as a Western European container harbor is expected to grow. Therefore, Rotterdam is expected to become an even more important re-export harbor for imported fruit.

Although Dutch apple production only ranks 23rd in the world, the Netherlands is the 5th largest apple exporter and the 4th largest apple importer in the world.

**The Netherlands: Exports of Domestic Apples and Re-Exports Imported Apples
to East European Countries**

	1994		1995		1996		1997	
	Exports	Re-Exports	Exports	Re-Exports	Exports	Re-Exports	Exports	Re-Exports
To:								
Russia	27,132	7,858	37,457	33,519	34,191	74,048	26,342	44,148
Poland	9,714	6,175	5,757	6,326	5,381	4,053	2,959	2,508
Estonia	419	141	2,863	759	2,143	1,655	1,022	509
Latvia	2,161	790	3,434	1,214	2,169	1,918	1,336	1,026
Lithuania	547	216	863	347	1,232	845	734	456
Czech Rep.	3,343	840	3,182	755	5,774	597	4,786	416
Croatia	544	170	282	45	39	39	26	76
Slovenia	168	29	5	34	-	4	-	12
Hungary	118	598	261	445	1	404	12	421

Source: Product Board for Horticulture

The Netherlands: Imports of Apples from Selected Overseas Origins (MT)

Calendar Year	1993	1994	1995	1996	1997
U.S.A.	995	4,944	3,068	650	373
Chile	68,495	48,344	61,288	53,486	46,039
Argentina	22,265	23,049	39,535	21,456	21,656
Brazil	17,026	21,345	8,691	2,712	18,644
South Africa	127	638	-	9,178	14,253
TOTAL	108,944	98,320	112,582	87,482	100,965

SOURCE: Central Bureau of Statistics

Official Dutch trade statistics as published by the Dutch Central Bureau of Statistics (CBS) are no longer accurate. Discrepancies are the result of the January 1, 1993 elimination of intra-EU customs border controls. Because of this elimination, intra-EU trade statistics can no longer be gathered through customs declarations. Instead CBS depends on direct, mandatory declarations from the traders. However this information is often inaccurate or late. Besides, traders with a small trade volume are exempted from the trade reporting requirement. The reporting system of trade with non-EU countries has not changed.

CBS also provides the trade statistics to Eurostat.

Trade Matrices - Apples

<i>Import Trade Matrix Fresh Apples</i>			
Country:	The Netherlands	Units:	Metric Tons
Commodity:			
Time period:	Jan - Dec		Forecast
Imports for	1997		1998
U.S.	373	U.S.	400
Others		Others	
E.U.	138,197	E.U.	120,000
- France	73,737	- France	60,000
- Belgium/Lux	41,195	- Belgium/Lux	40,000
- Germany	8,972	- Germany	5,000
South Africa	14,253	South Africa	14,000
Brazil	18,644	Brazil	17,000
Chile	46,039	Chile	45,000
Argentina	21,656	Argentina	20,000
Total for Others	238,789		216,000
Others not listed	3,002		3,600
Grand Total	242,164		220,000

<i>Export Trade Matrix Fresh Apples</i>			
Country:	The Netherlands	Units:	Metric Tons
Commodity:			
Time period:	Jan-Dec		Forecast
Exports for	1997		1998
U.S.	35	U.S.	20
Others		Others	
E.U.	199,041	E.U.	200,000
- France	11,582	- France	12,000
- Belgium/Lux	14,837	- Belgium/Lux	14,000
- Germany	123,559	- Germany	125,000
- U.K.	26,166	- U.K.	25,000
Poland	7,239	Poland	6,000
Czech Rep.	4,693	Czech Rep.	5,000
Russia	73,327	Russia	40,000
Total for Others	284,300		251,000
Others not listed	12,679		8,980
Grand Total	297,014		260,000

Source: Eurostat

PEARS

PSD Table						
Country:		The Netherlands				
Commodity:		Fresh Pears				
Market Year Begin	1996		1997		1998	
	Old	New	Old	New	Old	New
	07/1996		07/1997		07/1998	
Area Planted	5,934	5,934	6,026	6,026	0	5,959
Area Harvested	5,366	5,366	5,332	5,368	0	5,341
Bearing Trees	6,700	6,700	6,700	6,700	0	6,600
Non-Bearing Trees	1,300	1,300	1,300	1,300	0	1,300
Total Trees	8,000	8,000	8,000	8,000	0	7,900
Commercial Production	121,500	121,500	117,000	130,500	0	117,000
Non-Comm. Production	13,500	13,500	13,000	14,500	0	13,000
TOTAL Production	135,000	135,000	130,000	145,000	0	130,000
TOTAL Imports	110,000	106,429	120,000	100,000	0	110,000
TOTAL SUPPLY	245,000	241,429	250,000	245,000	0	240,000
Domestic Fresh Consumption	69,800	95,153	84,500	90,600	0	90,000
Exports, Fresh Only	170,000	140,376	160,000	150,000	0	145,000
For Processing	4,900	4,900	5,000	4,200	0	4,800
Withdrawal From Market	300	1,000	500	200	0	200
TOTAL UTILIZATION	245,000	241,429	250,000	245,000	0	240,000

07/1998 is a forecast for the season 1998/99

Production

Total Dutch pear production in 1998/99 is expected to fall by 10%. However, production of the most important variety, the "Conference pear", is expected to remain stable. In contrast, the EU pear crop is estimated to be 2.4 million metric tons, an increase of 27.5% over the low crop last year. Although the 1998/99 EU pear crop is substantially higher than last year, it is still almost ten percent below the 1996/97 level.

The Netherlands: Pear Production by Variety

Season July-June in 1,000MT

	1993	1994	1995	1996	1997	1998*
Total	170	140	165	135	145	130
Conference	80	75	90	80	85	85
Doyenne du C.	40	25	35	20	30	20

* Estimated

Source: Product Board for Horticulture

Prices

Because of the tight market situation, pear prices were exceptionally high during the 1997/98 marketing season. In spite of the downturn in Dutch production, prices are not expected to be as high as during the 1998/99 season because of the good crop of Dutch "Conference pears" and the 27.5% increase in the EU crop.

The Netherlands: Average Auction Prices for Pears
(Dutch Cents per kilo)

	1993/94	1994/95	1995/96	1996/97	1997/98*
Total Average	75	91	83	95	127
Legipont	46	71	58	71	90
Beurre Hardy	46	66	53	65	135
Conference	86	100	99	99	138
Doyenne du C.	75	103	85	116	138
Cooking Pears	68	66	52	81	92

* July 97 thru April '98

Source: Product Board for Horticulture

Trade - U.S. Export Opportunities

In the 1997/98 season when EU pear prices were high, exports of U.S. pears to the Netherlands increased sharply. In calendar year 1997, these exports amounted to 8,645 metric tons, up from 1,074 metric tons in 1996. The majority of these pears are transhipped via Rotterdam to other European destinations.

EU pear prices are expected to be on reasonable levels in the 1998/99 season and therefore we foresee U.S. pear exports to the Netherlands to continue as is.

The Netherlands: Imports of U.S. Pears

Year	Metric Tons	Year	Metric Tons	Year	Metric Tons
1987	570	1992	2,517	1997	3,130
1988	1,957	1993	2,044		
1989	3,513	1994	3,207		
1990	4,057	1995	3,050		
1991	1,997	1996	2,950		

Source: Central Bureau of Statistics

Trade Matrices - Pears

Import Trade Matrix Pears			
Country:	The Netherlands	Units:	Metric Tons
Commodity:			
Time period:	Jan-Dec		Forecast
Imports for	1997		1998
U.S.	3,130	U.S.	3,500
Others		Others	
E.U.	41,729	E.U.	42,000
- France	10,295	- France	14,000
- Belgium/Lux	14,234	- Belgium/Lux	15,000
- Spain	11,786	- Spain	10,000
South Africa	10,818	South Africa	11,000
Chile	28,615	Chile	30,000
Argentina	11,038	Argentina	12,000
Total for Others	92,200		95,000
Others not listed	2,516		1,500
Grand Total	97,846		100,000

Export Trade Matrix Pears			
Country:		Units:	Metric Tons
Commodity:			
Time period:	Jan-Dec		Forecast
Exports for	1997		1998
U.S.	22	U.S.	20
Others		Others	
E.U.	89,593	E.U.	90,000
- France	7,364	- France	7,000
- Germany	23,969	- Germany	24,000
- U.K.	36,824	- U.K.	35,000
- Denmark	4,914	- Denmark	5,000
Estonia	1,716	Estonia	1,700
Latvia	1,999	Latvia	2,000
Lithuania	1,928	Lithuania	2,000
Poland	5,401	Belarus	5,000
Russia	61,552	Russia	40,000
Total for Others	162,189		140,700
Others not listed	5,888		4,280
Grand Total	168,099		145,000

Source: Eurostat