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Fresh Deciduous Fruit Annual 2015

Report Categories:
Fresh Deciduous Fruit
Agricultural Situation

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Report Highlights:
Adverse weather conditions characterized by lack of precipitation and high temperature variations reduced the expectation for good yields for deciduous fruits. Apple production is expected to decline by at least 10 percent and so is pear production. Imports are expected to continue growing triggered by rising demand for fresh products and lower local availabilities.

General Information:

Total fruits production in Romania is comprised of apples (40 percent), plumes (40 percent), pears (5 percent), cherries and sour cherries (6 percent), followed by peaches, nectarines, and strawberries. The orchard area stagnates around 140,000 hectares, while fruits production varied according to the weather or diseases factors from 1.479 million MT in 2011 to 1.128 million MT in 2012 and 1.3 million MT in 2014.

It is estimated that fruit trees on half of the total area are old, with low productivity, and that less than 10 percent of the trees are younger than 10 years. Therefore, the new Rural Development Program will provide funding for orchard rehabilitation for an estimated area of 35,000 hectares.

Fresh fruits equivalent per capita consumption has seen on a positive trend from 63.3 kg/year in 2010, to 70.5 kg/year in 2011, to 71.1 kg/year in 2012 and reaching 73.7 kg/year in 2013. The fiscal measure reducing the Value Added tax (VAT) of food and non-alcoholic beverages from 24 percent to 9 percent in June 2015 has already generated positive effects for consumers. The action is expected to stimulate food-processors and retailers to diversify the range of products they offer to consumers, with positive impact on consumption.

APPLES

The apple area is largely concentrated in the north-western and southern (Muntenia) regions, which account for more than half of all apple orchards. In terms of apple varieties, statistical data pertaining to 2012 shows that the dominant variety is Jonathan (49.6 percent), followed by Golden Delicious (19.9 percent), Starkrimson (4.8 percent), Idared (4.7 percent), Florina, Jonagold, Red Delicious and others. Overall there are about 100 apple varieties cultivated in Romania.

Land fragmentation, as a particularity of Romanian agriculture, is reflected in apple production. A significant proportion of apple orchards belong to non-commercial operations, which show harvests directed to fresh self-consumption or home cooking, jams, and brandy production. In Romania it is estimated that about a third of all production goes for processing, while the large majority of apple production is consumed fresh.

Apple production at the national level is estimated to fall by 10 percent (Table 1). High temperature variations during the winter months and summer drought are the major factors which led to lower yields. In areas where such phenomenon were stronger farmers witnessed even 30-40 percent drops in their yields. Unlike 2014 when an abundant apple harvest compounded by trade restrictions led to a dramatic drop in prices, this year market conditions are more favorable and farmers are more optimistic about next year’s cycle. In the context of lower output and the current trade restrictions (Russian Federation’s ban on EU food products), imports are expected to continue rising.

Table 1 - Romania, Apple area and production

APPLES	2013	2014	2015
Area (Hectares)	56,900	56,100	56,000
Production (MT)	513,600	513,200	460,000

Source: Romanian Statistical Office; FAS estimates for 2015

Trade

Trade restrictions imposed by Russian Federation in August 2014 have had an immediate impact on apple imports into Romania, as it can be seen in Table 2. Fresh apple imports grew by 38 percent at year level compared to the previous year. Poland, Italy and Germany are the main sources for this increase. Imports occur mostly during cold months, when local fresh production cannot cover demand. Apart from a higher import level, trade restrictions prevented Romanian apple producers to find export opportunities; hence a drop of 40 percent in apple exports (Table 3).

Table 2 – Romania, Fresh Apple Imports
(Year Ending: June)

Partner Country	Quantity (MT)			% Change 2015/2014
	2013	2014	2015	
Total, of which	**66,406**	**61,194**	**84,257**	**37.69**
Poland	35,671	29,215	43,124	47.61
Italy	11,716	10,312	17,944	74.00
Germany	4,246	5,552	8,334	50.09
Hungary	6,346	3,570	7,289	104.19
Austria	2,225	2,068	1,894	- 8.44
Moldova	1,739	3,258	1,759	- 46.02
Greece	1,132	1,519	955	- 37.11
Macedonia	1,599	1,670	532	- 68.16
Other	1,732	4,030	2,426	-39.8

Source of Data: Global Trade Atlas

Table 3 – Romania, Fresh Apples Exports
(Year Ending: June)

Partner Country	Quantity (MT)			% Change 2015/2014
	2013	2014	2015	
Total, of which	**13,125**	**19,196**	**11,447**	**- 40.37**
Hungary	9,180	8,551	5,850	- 31.59
Germany	2,851	8,261	4,577	- 44.59
Italy	182	1,534	483	- 68.52
Other	912	850	537	-36.82

Source of Data: Global Trade Atlas

Marketing

Fresh apples are among the top consumer fruit preference. According to statistical data, per capita consumption varied from 21.3 kg/year in 2010 to 24.3 kg/year in 2012 and 23.5 kg/year in 2013, depending on market conditions. In the past few years, retailers have been more open in including local suppliers in their retail chains, responding to Romanian consumers' perception that local apples are tastier and healthier. However, a lack of storage, sorting and adequate transportation facilities for fresh fruits and vegetables in general prevents many local producers for marketing their products through modern retail chains. Therefore, imports remain a major source for covering retail demand. Agricultural cooperatives and associations are viewed as a solution to invest in packaging facilities and marketing that would ultimately allow small farmers successfully supply part of their production into retail chains.

Apple juice production has seen a positive trend develop over the past several years. Romania is a net apple juice exporter, although the export figures reveal a decline in the past three years, as a result of high regional competition and sound internal demand (Table 4). Apple juice imports are insignificant (less than 1,000 MT per year). Apple juice production is predicted to develop and diversify in the upcoming years. In addition to large-size processing capacity units producing juice, small-size capacity units are being established in the neighborhood of the traditional apple production areas. Apple juice is marketed in the system of "bag-in-box" packages of two to five liters.

Apple juice from the category "Not from concentrate" (NFC) has recently emerged on the Romanian market and it has good perspectives for growing, as consumers become more preoccupied with their diets. These premium products are produced for either room temperature or temperature control storage. The latter category enjoyed in 2015 strong focus from food and beverage producers and a positive response from consumers. They are normally marketed in plastic or glass bottles.

Table 4 - Romania Apple Juice Exports
(Year Ending: June)

Partner Country	**Quantity (MT)**			**% Change**
	2013	**2014**	**2015**	**2015/2014**
Total, of which	**9,091**	**5,060**	**4,425**	**- 12.56**
Hungary	315	1,257	2,468	96.41
Germany	4,017	1,587	937	- 40.94
Bulgaria	-	24	562	2240.42
Poland	952	246	57	- 76.76
Austria	3,764	1,597	55	- 96.54
Other	43	349	346	-0.86

Source of Data: Global Trade Atlas

PEARS

Area covered with pear trees varies around 3,300 hectares. The south, north-western and western regions are the most important in terms of pear production. In terms of varieties, according to data provided by the Statistical Office, there are about 50 pear varieties cultivated in Romania, the largest shares being taken by Cure and Williams (over 60 percent), followed by Conference (7 percent) and Abate (6 percent).

Similar to apple production, bad weather conditions put the fingerprint on pears this year, and poorer yields are expected for pears. A drop of about 10 percent is projected, from 61,300 MT in 2014 to 55,000 MT in 2015. In Romania part of the production is consumed fresh and part in used in jams or brandy production. Pear imports have been on a positive trend, a significant increase in trade being generated by the Russian trade restrictions which created a higher pear surplus in the European Union. Pear imports more than doubled during July 2014- June 2015, from 8,667 MT to 18,539 MT (Table 5). More than 80 percent of imports are supplied by Italy and the Netherlands. Pear exports are negligible (less than 1,000 MT per year).

Table 5 - Romania Pear Imports
(Year Ending: June)

Partner Country	Quantity (MT)			% Change
	2013	2014	2015	2015/2014
TOTAL, of which	**7,173**	**8,667**	**18,539**	**113.90**
Italy	3,504	4,151	11,001	164.99
Netherlands	1,710	2,005	4,460	122.42
Belgium	115	234	737	214.47
Greece	599	692	608	- 12.16
Poland	63	89	514	475.39
Portugal	19	64	281	342.68
Germany	273	314	230	- 26.94
Spain	101	211	186	- 11.87
Hungary	61	167	183	9.77
South Africa	-	-	113	0.00
Turkey	656	405	65	- 83.83
Other	72	335	161	-51.94

Source of Data: Global Trade Atlas

The largest majority of pear production is non-commercial, which means that harvest is mostly marketed in open markets or used for self-consumption. Only a limited share of local production reaches retail chain in the fresh form. Therefore, retailers prefer to satisfy demand through imports, which secure consistent supply.

TABLE GRAPES

Table grapes production is expected to increase in MY 2015/16, after a drastically low level the previous year, but will remain lower compared to two years before. Production is estimated to reach 45,000 MT, compared to 55,000 MT harvested in 2013. Most table grape production is located in the south-east region. According to the data published by the Statistical Office, there are about 40 table grape varieties cultivated in Romania, three quarters of the area being covered with Afuz Ali, Chasselas Dore and Hamburg Muscat varieties.

Retail chains market table grapes throughout the year. The origin is imports, local production being more predominant at the beginning of the fall. Depending on the local production level, imports account for 35-45 percent of consumption. The major suppliers are Moldova, Italy and Greece (Table 6). Table grapes exports are negligible.

Table 6 - Romania Table Grapes Imports
(Year Ending: June)

Partner Country	Quantity (MT)			% Change 2015/2014
	2013	2014	2015	
TOTAL, of which	**24,245**	**24,256**	**29,899**	**23.27**
Moldova	1,580	2,083	11,455	449.91
Italy	14,984	12,197	10,082	- 17.34
Greece	2,910	4,198	3,246	- 22.68
Netherlands	1,179	1,459	2,028	39.02
Turkey	844	545	1,326	143.37
Macedonia	1,797	2,595	561	- 78.40
Other	951	1,179	1,201	1.86

Source of Data: Global Trade Atlas

End of report