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EU-27

Stone Fruit Annual

Bad weather hits EU cherry crop

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Report Highlights:
EU-27 production of peaches and nectarines in MY 2012/13 is estimated at 4.2 million MT, a value very similar to the previous harvest. Unfavorable weather conditions in some areas have been offset by good crops in Italy, Spain, and Greece. Total cherry production in MY 2012/13 is expected to reach almost 783,000 MT, 6 percent below the previous year's values, due to bad weather conditions that hit Central and Eastern European producers the most, but that also impacted production in Western Europe.

Disclaimer: This report presents the situation and outlook for stone fruit including peaches, nectarines and cherries in the EU-27. 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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Abbreviations and definitions used in this report

GTA - Global Trade Atlas
Ha - hectare; 1 ha = 2.471 acres
HS Codes Harmonized System codes for commodity classification used to calculate trade data.
Peaches and nectarines HS Code 080930
Cherries HS Code 080920
MT - Metric ton = 1,000 kg
MMT - Million metric tons
MS - EU member state(s)
MY - Marketing year: January/December

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". Some MS also publish harvested data, but not all of them, and as such in this report the line "Area Harvested" is an FAS Post estimate.

Executive Summary:

The main EU-27 producers of **fresh peaches and nectarines** are Italy, Spain, Greece and France. The EU production area is projected to decrease by over 9 percent in MY 2012/13, a result of gains in productivity and competition between different Member States where Spain is gaining ground. Total production in MY 2012/13 is projected at 4.2 million MT, a value very similar to the previous harvest, as unfavorable weather conditions in some areas have been offset by good crops in Italy, Spain, and Greece. Total per capita consumption is calculated at 6.1 kg in the EU.

The EU is a net exporter of peaches with exports largely exceeding imports. The EU's imports of peaches and nectarines were valued at 78.7 million USD in MY 2011/12, a 13 percent increase from the previous year. The main supplier of peaches to the EU is Chile, with an increasing competition from South Africa. Exports were valued at 390 million USD in MY 2011/12, a 17 percent increase from the previous year. The main destinations for EU-27 peaches are Russia, Ukraine and Switzerland.

The main EU-27 producers of **fresh cherries** are Poland, Italy, and Spain. According to FAS projections the total EU planted area of cherries will fall slightly in MY 2012/13 to just over 177,000 ha due to a lower area of tart cherries in Germany and slightly lower reported areas in Poland and Bulgaria. Total production in MY 2012/13 is projected at 782,900 MT, a value that is 6.1 percent lower than last season's due to unfavorable weather conditions in some of the main producing countries. Total per capita consumption is calculated at 1.0 kg in the EU.

The EU is a net importer of cherries and these are sourced mostly from Turkey, the world's leading cherry producer (table 8). The EU imports of fresh cherries were valued at 174.5 million USD in MY 2011/12, a 4 percent increase from the previous year. The EU imported 3,372 MT of cherries from the United States in MY 2011/12. These were valued at 19.9 million US Dollars, a growth of 22 percent from MY 2010/11. EU exports of fresh cherries were valued at 67 million USD in MY 2011/12, a 72 percent increase from the previous year. The main destinations for EU-27 cherries in MY 2011/12 were Russia, Switzerland and Croatia.

Commodities:

Fresh Peaches & Nectarines

Crop Area:
The production area of peaches and nectarines in the EU had stabilized in MY 2011/12 at around 244,000 ha after continuously falling in the previous years. However according to FAS post projections the production area is projected to decrease again by over 9 percent in MY 2012/13. This is the result of competition between different Member States where Spain is gaining ground. It is also the result of productivity gains achieved with the introduction of new and higher yielding varieties that bring more diversity in the types of fruit and spread in harvest dates.

Due to its competitiveness Spain is gaining market share at the expense of other main producers and this is shown in an increase in planted area in this country. There is also a dislocation of the production area southwards to take advantage of an extra-early harvest which is possible with a number of low-chilling varieties. The growing of peach and nectarine trees is concentrated in the regions of Cataluña, Aragón and Murcia along the Mediterranean arch. Extremadura is another important growing region, mainly for nectarines.

In Italy, experts forecast a continuation in the downward trend in peach and nectarine acreage, which has fallen 18 percent over the last decade, but also expect that the phasing out of old cultivars and the phasing in of better performing ones in new plantations will result in volumes declining at a slower rate than acreage.

In Greece, the area planted to peaches and nectarines is estimated to be constant while in France, peaches and nectarines orchards continue to shrink due to poor economic conditions for peach producers in recent years combined with losses of trees due to the Sharka disease. In Hungary, the grubbing up of old and outdated orchards continued in 2012 and no replacements have been planted in the last couple of years.

Production:
Production of peach and nectarine in MY 2012/13 for the EU-27 is estimated at 4.2 million MT, a value very similar to the one registered in the previous campaign. Production in the main producing countries is shown in table 1 below.

Table 1. Major EU Fresh Peach & Nectarine Producers by Volume in MT

Country	MY 2010/11	MY 2011/12	MY 2012/13

Italy	1,572,310	1,598,230	1,597,210
Spain	1,186,850	1,282,000	1,284,500
Greece	681,300	630,000	675,000
France	321,563	301,180	277,900

Source: FAS Europe offices

Italy

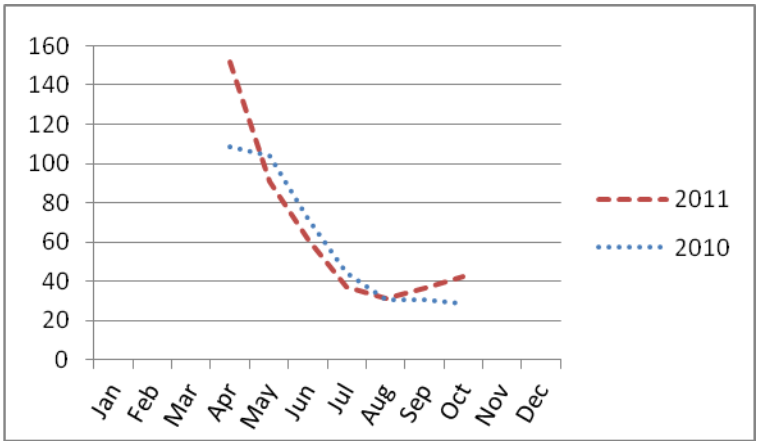
Italy is the largest peach and nectarine producer in the European Union. As reported by Italy's Fresh Produce Service Centre (CSO), MY 2012/13 Italian peach and nectarine production is forecast to be steady from the previous year, with a 1 percent increase for peaches and 1 percent decline for nectarines. Quality is very good, thanks mainly to the prolonged springtime and the good sun exposure during the period March/April, when the fruit was growing. MY 2012/13 Italian peach and nectarine production for fresh consumption is forecast at 703,470 MT and 801,410 respectively, while the cling peach harvest is likely to increase by 3 percent to 92,330 MT.

Spain

According to the latest forecasts by the Spanish Ministry of Agriculture, peach and nectarine production in Spain for MY 2012/13 is projected at 1.28 MMT. A fall in the country's second most important region, Aragón, is responsible for the lower overall Spanish production of peaches due to cold conditions in winter and spring. However this was compensated by a higher production of nectarines bringing the total of the two fruits to be on a par with the previous campaign. Producer prices were higher this year with the yellow peach reaching 0.80 euros/kg and the Paraguayan peach at around 0.40 to 0.60 euro/kg in early July. Table 2 shows the typical behavior of peach producer prices in Spain. The currently available varieties are characterized by their high color and sugar content and cover an increasingly wider range of ripening dates.

Table 2. Average Historical Peach Producer Prices in Spain* (Euro/100kg)

*bulk, delivered at buyer's warehouse



Source: Spanish Ministry of Agriculture, Food, and Environment (MAGRAMA)

Greece

Greece is the third largest producer of peaches in the EU-27, after Italy and Spain. The main producing areas include six territories (Imathia, Pella, Pieria, Kozani, Larissa, and Kilkis) of Central Macedonia and Thessaly, located in northern Greece. MY 2012/13 fresh freestone peach and nectarine production is forecast at 305,000 MT, an increase of 5.2 percent compared to the previous year. MY 2012/13 clingstone production is forecast to increase by near 9 percent.

France

France's peach and nectarine crop is expected to be down 8 percent from 2011 and 12 percent from the 5 years average, due to both lower production area and poor weather condition throughout the late spring season. Excess of rain when fruits were maturing (June and July) led to losses in several producing regions.

Hungary

Peaches and nectarines are the third largest crop fruit in Hungary after apples, and cherries. Estimated total production of peaches for MY 2012/13 is the same as in the previous year at 39,000 MT. Only one seventh of the area is irrigated which explains why yields (5-6 MT/hectare) in Hungary are low in comparison with other EU countries.

Portugal

In Portugal the peach and nectarine orchards are mostly located in the inland center region. These were affected by frost at the time of flowering/polinization this year and as a consequence the Ministry of Agriculture projects a total 10 percent decrease in the country's production in MY 2012/13 to just below 32,000 MT.

Consumption:

Consumption of peaches and nectarines is projected to remain fairly constant at 3.2 MMT, which corresponds to a total per capita consumption of 6.1 kg in the EU.

Most Italian and Spanish 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. Apart from the difficult economic situation and the industry's concern for the increasing complexity of the destination markets, the crucial target is to encourage consumption for a product that is the main summer fruit. Greek nectarine production is destined mainly for the fresh market; freestone peaches are used for fresh consumption, and clingstone peaches are predominantly used in processing. Consumption in France is expected to remain stagnant in 2012, as unusually cool and wet weather in June and July did not drive consumers into eating summer fruits. This lack of domestic demand is leading price to decrease 10 percent below their 2011 level.

Trade:

The EU is a net exporter of peaches – with exports largely exceeding imports.

Imports

As seen in table 2 below, the main supplier of peaches to the EU is Chile, with increasing competition from South Africa. More than half of total imports are sourced in the southern hemisphere and are imported during the European off-season. The EU's imports of peaches and nectarines were valued at 78.7 million USD in MY 2011/12, a 13 percent increase from the previous year. According to the GTA the EU imported 174 MT of fresh peaches and nectarines from the United States in MY 2011/12. These were valued at 538,000 US Dollars, a 13.4 percent growth from MY 2010/11.

Table 3. EU-27 Imports of Fresh Peaches & Nectarines by Origin in MT

Country of Origin	MY 2009/10	MY 2010/11	MY 2011/12
Chile	16,731	10,617	13,605
South Africa	5,208	5,846	6,157
Morocco	4,693	2,714	3,026
Turkey	2,143	1,633	1,376
Argentina	1,674	856	1,295
Egypt	2,213	1,690	1,234
Others	3,273	3,633	2,513
Total Imports	**35,935**	**26,989**	**29,206**

Source: GTA

Exports

The EU's exports of peaches and nectarines were valued at 390 million USD in MY 2011/12, a 17 percent increase from the previous year. The main destinations for EU-27 peaches continue to be Russia, Ukraine and Switzerland (table 3). The EU's major producers compete for sales within the European market. Thanks to an earlier harvesting period, Spain dominates the European market during

the months of May and June. Italy is also a major peach and nectarine exporter, mainly within the EU-27, with Germany continuing to be the main destination.

Table 4. EU-27 Exports of Fresh Peaches & Nectarines by Destination in MT

Country of Destination	MY 2009/10	MY 2010/11	MY 2011/12
Russia	102,062	153,834	189,581
Ukraine	26,843	35,235	37,050
Switzerland	30,905	28,719	27,408
Norway	10,292	9,819	10,402
Brazil	5,657	7,097	10,012
Belarus	6,082	8,360	6,244
Others	25,727	35,520	34,331
Total Exports	**207,568**	**278,584**	**315,028**

Source: GTA

Production, Supply and Demand Data Statistics:

Fresh Peaches & Nectarines EU-27	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	243,782	243,383	243,554	244,091		220,505
Area Harvested	227,830	219,044	226,154	219,682		198,454
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total Trees	0	0	0	0		0
Commercial Production	3,290,669	3,953,776	3,904,493	4,207,182		4,218,019
Non-Comm. Production	0	39,937	0	42,497		42,606
Production	3,290,669	3,993,713	3,904,493	4,249,679		4,260,625
Imports	27,045	26,989	30,000	29,206		30,000
Total Supply	3,317,714	4,020,702	3,934,493	4,278,885		4,290,625
Fresh Dom. Consumption	2,269,575	2,986,013	2,967,939	3,256,953		3,202,474
Exports	277,437	278,584	300,000	315,028		350,000
For Processing	752,702	738,105	648,554	688,904		720,151
Withdrawal From Market	18,000	18,000	18,000	18,000		18,000
Total Distribution	3,317,714	4,020,702	3,934,493	4,278,885		4,290,625
HA, 1000 TREES, MT						

Commodities:

Fresh Cherries, (Sweet & Sour)

Production:

The main EU-27 producers of fresh cherries are Poland, Italy, and Spain and traditionally, although not this year, Germany (table 6).

Crop Area:
According to FAS projections the total EU planted area of cherries will fall slightly in MY 2012/13 to just over 177,000 ha. This is mostly due to falling areas of tart cherries in Germany (see below) but also slightly lower reported areas in Poland and Bulgaria. Other producing MS report constant areas planted with cherries.

Production:
Total production in MY 2012/13 is projected at 782,900 MT, a value that is 6.1 percent lower than last season's due to unfavorable weather conditions in some of the main producing countries.

Table 6. Major EU Fresh Cherries (Sweet & Sour) Producers by Volume in MT

Country	MY 2010/11	MY 2011/12	MY 2012/13
Poland	187,300	213,000	185,000
Italy	115,476	112,776	111,036
Spain	85,078	100,000	93,400
Germany	49,096	59,329	40,900

Source: FAS Europe offices

Poland
The Polish production of cherries is forecast at 185,000 MT, 13 percent lower than in the previous season. Industry projections are for sweet cherries output to decline more than for sour cherries (21 percent versus 12 percent). This decline is attributed to heavy January frost without snow cover, weak fruit setting, short flowering period of fruit trees and the lower activity of bees affected by unfavorable weather conditions. The 2012/13 marketing year will be difficult for both processors and exporters as input demand will exceed supply of fruit. Supply shortages are already pushing up farm-gate prices making processors and traders concerned for the price competitiveness of their products both on the domestic and external markets.

Italy
MY 2012/13 Italian cherry production is forecast to decrease slightly due to unfavorable conditions, with rain causing cracking for early varieties, especially in the areas of Turi (Apulia) and Vignola (Emilia-Romagna). The harvest has begun a little earlier with the Early and Bigarreaux varieties, but rain harmed part of the harvest. So, compared to last year, there will be a lower volume but greater size and good quality. An increasing share of the estimated 30,000 hectares of cherry area is considered unproductive and generally not harvested. Turi (Apulia), Vignola (Emilia-Romagna), Verona (Veneto), and Cuneo (Piedmont) are the main cherries producing areas.

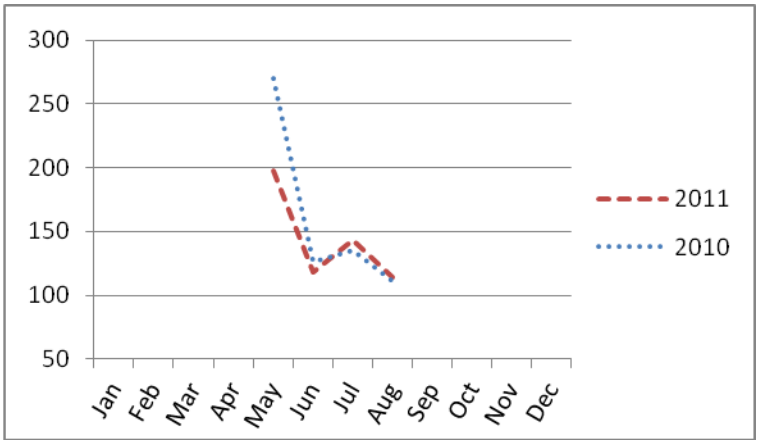
Spain
Spanish cherry production for MY 2012/13 is projected at 95,400 MT, some 4 percent below the previous year's level. This result is largely due to a 25 percent fall in production in the Aragón region,

the second most important in the country responsible for over 20 percent of Spain's production, where winter and spring frosts caused lower cherry fruit growth and calibers. In the largest production region of Extremadura, accounting for over 35 percent of Spain's total, production is projected constant from last year. The reduced crop led to higher prices at the start of the season than the ones registered last year at up to 3 euros per kg, although lowering from that once the bulk of production reached the market. Table 7 shows the typical behavior of cherry producer prices in Spain.

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*.

Table 7. Average Historical Cherry Producer Prices in Spain (Euro/100kg)

*bulk, delivered at buyer's warehouse



Source: MAGRAMA

Greece

MY 2012/13 Greek cherry season is forecast to be satisfactory, as the weather conditions have been good for the cultivations this year. Total production is projected at 46,000 MT. Pella and Imathia are the main producing areas.

Hungary

Cherries are the second largest fruit crop in Hungary after apples with production of over 42,000 MT projected for MY 2012/13; still a reduction of 20 percent from the previous campaign. Less than ten percent of the crop is sweet cherry while the majority is sour cherry. In the last fifteen years commercial production of sweet cherries decreased about 50 percent and sour cherry production has stabilized. Production area in MY 2012/13 was lower than in the previous year as growers continued to

grub up trees damaged by moniliosis in 2010 and dry weather in 2011-2012. The main production area of tart cherry, in North-East Hungary, was hit by early May frosts this year. As a result of short production, producer prices of tart cherry at the Budapest Large-scale Produce Market were HUF 475/kg [€ 1.6/kg] during the July 9-15 week, a 96 percent increase over the same period of last year.

Germany

Total German production for MY 2012/13 is estimated at 40,900 MT of which sweet cherries comprise 26,500 MT and tart/sour cherries 14,400 MT. This is a 31 percent decrease compared to MY2011/12 and the second lowest production in the past ten years. Only MY2008/09 saw an even lower production. The main factors contributing to the below average production include a reduction in area (especially for tart cherries), frost and hail damage, and a lack of rain in spring. For sweet cherries the situation was aggravated by excessive rains during or just prior to harvest which resulted in bursting of the fruit.

While the German sweet cherry area has been lingering at around 5,400 ha in recent years, the area for tart cherries has been declining from 4,200 ha in 2002 to 2,300 ha in 2012. This is a result of strong competition from other EU member states. According to German industry sources EU tart cherry production area is too large compared to the demand. Thus, in this market environment, other member states such as Hungary and Poland, with lower production costs are more competitive than German producers.

France

France's MY 2012/13 cherry crop is projected at 34,200 MT, being one of the smallest in the last decades, 30 percent lower than in the previous year and 25 below the 5 years average. Area planted to cherry trees continued to decline as old orchards are not systematically renewed. Producers blame the lack of new disease resistant varieties as well as the high production cost driven by high French labor costs for this decline. In the main producing regions (southern half of France), weather conditions throughout the Spring negatively impacted the cherry crop with damp conditions and low temperatures at flowering (early April) followed by 2 month-long rain in May and June which led maturing fruits to burst and rot. The reduced crop led to higher seasonal prices (up 15 to 30 percent depending on varieties).

Bulgaria

In Bulgaria the general prospects for the MY2012/13 campaign are bleak due to record cold winter temperatures and freezing, combined with cold and very rainy spring weather in April and May. Strong winds in February also uprooted many trees in South Bulgaria. Preliminary projections published by the Ministry of Agriculture show sweet cherry production in MY 2012/13 to be about 40 percent lower than in the previous year at 18,000 MT.

Portugal

In Portugal, the picking of cherries started later this year and prolonged until mid July. The projections of the Ministry of Agriculture point to a 25 percent reduction in production to close to 10,000 MT in MY 2012/13. This is the result of the extreme damage inflicted by heavy rains in April and early May on early varieties like the Burlat, at a time when they were already in an advanced stage of ripeness. The production of later varieties such as the Brooks, Prime Giant and Summit is not expected to compensate for this.

Consumption:

Consumption of fresh cherries in the EU is estimated at close to 500 MMT in MY 2012/13, marking a 5.5 percent decrease from the previous years. This corresponds to a per capita consumption of 1.0 kg in the EU-27.

Sweet cherry is a seasonal fruit consumed as fresh and unprocessed. Sour cherry is utilized principally by the processing industry. The main sour cherry products are frozen fruits, juice concentrates and jams or marmalade. Over 50 percent of industrial sour cherry consumption in Poland is frozen with almost 80 percent of frozen cherry directed to foreign markets. In countries such as Spain or Italy, domestic consumption is almost exclusively for fresh use, with minor amounts bought by the brining and processing industry.

In Germany, cherries are considered a seasonal product and stocked in supermarkets mainly during the German marketing season (July/August). This explains the lower per capita consumption of cherries (sweet cherries 0.3 kg) compared to peaches (0.63 kg) and nectarines (1.46 kg). The use of tart cherries for processing is relatively stable and roughly amounts to 75-90 percent of the German domestic production. The majority of tart cherries are used for canning (over 80 percent), while the remainder finds its way into juice production. Processing of sweet cherries is less than 50 percent and includes canning and distillation into spirits.

Consumption in France is decreasing in the long term and is driven by 1) prices and 2) weather conditions in May/June/July. With both high prices and poor weather, the MY 2012/13 French cherry consumption is expected to be the lowest in the last decade. Industry use has been stable for the recent years.

Trade:

The EU is a net importer of cherries and these are sourced mostly from Turkey, the world's leading cherry producer (table 8). While the main destinations for the major EU producers are other member states, the most important external destinations are Russia, Switzerland and Croatia.

Imports

EU imports of fresh cherries were valued at 174.5 million USD in MY 2011/12, a 4 percent increase from the previous year. According to the GTA the EU imported 3,372 MT of cherries from the United

States in MY 2011/12. These were valued at 19.9 million US Dollars, a 22 percent growth from MY 2010/11.

France has a large trade deficit in cherries, the bulk of imports coming from EU-27 countries (mainly Germany and Spain). The United States is the third largest supplier of cherries to France, after Turkey and Chile. France imports U.S. Cherries in July, August and September when the domestic/EU supply weakens. Prices of U.S. cherries imported into France rose from $5.77 per kilo in July 2011 to $11.51 per kilo in September 2011. Those cherries are imported fresh by air cargo and are often purchased by restaurants.

Germany imports between 40,000 and 60,000 MT of cherries annually, the majority originate from other EU member states, mainly Italy, Austria, and Spain for sweet cherries and Hungary, Poland, and the Czech Republic for tart cherries. Largest non-EU suppliers are Turkey for sweet cherries and Serbia for tart cherries. Despite the small German domestic harvest MY 2012/13 imports are expected to remain below previous year levels as major supplying countries such as Poland and especially Hungary are also facing a lower production resulting from frost damage.

Table 8. EU-27 Imports of Fresh Cherries (Sweet & Sour) by Origin in MT

Country of Origin	MY 2009/10	MY 2010/11	MY 2011/12
Turkey	26,337	28,144	22,673
Chile	5,477	4,979	6,049
Serbia	5,079	3,830	5,398
United States	3,771	2,475	3,372
Canada	1,217	958	1,286
Argentina	1,174	1,116	932
Others	784	423	326
Total Imports	**43,839**	**41,925**	**40,036**

Source: GTA

Exports

The EU exports of fresh cherries were valued at 67 million USD in MY 2011/12, a 72 percent increase from the previous year. The main destinations for EU-27 cherries in MY 2011/12 were Russia, Switzerland and Croatia.

Polish exports of fresh cherries vary widely year to year. In MY 2011/12 fresh sweet and sour cherries fruit exports (including intra EU-27 trade) amounted to 11,000 MT, valued at US$16.8 million, Russia was the main importer of Polish fresh cherries, capturing 60 percent share in value, followed by Germany (14 percent). In MY 2012/13 exports of cherries are forecast to diminish by 27 percent compared to the previous year.

Less than 10 percent of total German cherry supply is exported; 5,000 to 9,000 MT in recent years. Main destinations are other EU member states such as France, Austria, and the Netherlands. Largest destination outside of the EU is Switzerland. Germany is also the main destination for many EU Member States because of its large population and buying power.
Hungary is a major exporter of sour cherries in Europe. The biggest export market is Germany – Hungary's share of Germany's cherry imports is about 25 percent. Austria and Russia are smaller volume but traditional buyers of Hungarian cherries.

Table 9. EU-27 Exports of Fresh Cherries (Sweet & Sour) by Destination in MT

Country of Destination	MY 2009/10	MY 2010/11	MY 2011/12
Russia	24,133	14,856	22,834
Switzerland	2,269	2,407	2,927
Croatia	1,146	1,159	1,313
Moldova	283	478	1,154
Ukraine	758	136	953
Belarus	1,458	436	603
Others	811	934	1,100
Total Exports	**30,858**	**20,406**	**30,884**

Source: GTA

Production, Supply and Demand Data Statistics:

Fresh Cherries,(Sweet&Sour) EU-27	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	152,412	176,203	149,365	178,145		177,370
Area Harvested	148,237	167,393	143,851	169,238		168,501
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total Trees	0	0	0	0		0
Commercial Production	624,697	670,695	649,700	792,091		743,755
Non-Comm. Production	0	35,300	0	41,689		39,145
Production	624,697	705,995	649,700	833,780		782,900
Imports	42,146	41,925	25,000	40,036		40,000
Total Supply	666,843	747,920	674,700	873,816		822,900

Fresh Dom. Consumption	442,252	462,001	425,920	529,361		499,176
Exports	20,392	20,406	35,000	30,884		30,000
For Processing	204,199	265,513	213,780	313,571		293,724
Withdrawal From Market	0	0	0	0		0
Total Distribution	666,843	747,920	674,700	873,816		822,900
HA, 1000 TREES, MT						

Policy:

Common Market Organization for Fruits and Vegetables

The Fruit and Vegetables sector has been reformed under the Common Agricultural Policy (CAP) and was fully incorporated in the Single Common Market Organization (CMO) or Regulation 361/2008. All the implementing rules have been incorporated in a new Commission Regulation 543/2011 , last amended by Commission Implementing Regulation 701/2012. Under CAP reform, the EU moved away from production-related single area payments. Farmers still receive coupled aid under other specific support schemes for a transitional period, but as of 2012 all payments are being decoupled in the fruit and vegetable sector.

Producer Organizations (PO's) are the key elements in the EU's Common Market Organization for Fruits and Vegetables (CMO). PO's are legal entities established by producers to market commodities, including. EU subsidies are not paid to individual producers but are channeled through PO's. In order to qualify for EU subsidies, PO's must submit an operational program financed through an operational fund. The EU's financial contribution is paid directly into the PO's operational fund. The calculation of the estimated amount of operational fund is based on the operational program and the value of marketed production.

The CAP is due to be reformed by 2013. For information on the CAP after 2013, please see: http://ec.europa.eu/agriculture/cap-post-2013/index_en.htm

Withdrawal from Market Regime

The latest EU Common Market Organization Reform (CMO) for fruits and vegetables included changes to the "withdrawal from market" intervention scheme, whereby producer organizations may decide to withdraw some of their product from the market.

Under the reform, financing for the withdrawal of fruit is reduced from being 100 percent financed by the EU to 50 percent by the EU and 50 percent by the producer organization. Withdrawal procedures are supervised by the MS and the Commission. Withdrawn products which are not sold cannot return to the market under any circumstances. Such product must be distributed for free to charitable organizations, such as schools, hospitals and other institutions, distilled, used for animal feed or for non-food purposes,

or destroyed in an environmentally sound manner. The Community will bear the cost of free distribution, including, in this case, sorting and packaging costs.

Reporting on the quantity of specific fruit withdrawn from the market will no longer be available. In Spain, for instance, the reporting of withdrawal data has been decentralized; each autonomous region is responsible for sending data to the national authorities. Information available at the national level will be based on total quantity of all commodities withdrawn from the market, not by individual product.

School Fruit Scheme

A key objective of the reform of the Fruit and Vegetable regime was to reverse the declining consumption of fruit and vegetables. The European School Fruit Scheme (SFS) is one measure to combat child obesity.

Commission Regulation 288/2009, last amended by Commission Regulation 1208/2011, is laying down the rules for applying Council Regulation 1234/2007 as regards Community aid for supplying fruit and vegetables, processed fruit and vegetables and banana products to children in educational establishments, in the framework of a School Fruit Scheme. All schemes would consequently include three elements: free distribution of fruit (and/or vegetables) in schools, a series of accompanying measures (for example information campaigns on healthy eating habits), and monitoring and evaluation. The scheme aims to provide fruit & vegetables to school children from the start of the school year.

The SFS made €90 million of EU funds available to provide fruit and vegetables to school children to be matched by national and private funds. The school year 2011/2012 was the third year after the start which means the system will be reviewed now. Information and documents on the School Fruit Scheme are available on internet at: http://ec.europa.eu/agriculture/fruit-and-vegetables/school-fruit-scheme/index_en.htm

Maximum Residue Level for Fruit

Maximum Residue Levels (MRLs) for pesticides, including import tolerances, have been harmonized throughout the EU since September 2008. Regulation 1107/2009 concerning the placing on the market of plant protection products (PPPs) became fully applicable on June 14, 2011 and is setting out the rules for the authorization of plant protection products (PPPs). **For more information, see at:** http://ec.europa.eu/food/plant/protection/pesticides/index_en.htm

Certification of Plant Products

Plant products need a phytosanitary certificate to be exported to the EU. Phytosanitary certificates issued by an APHIS inspector are required to accompany fruit, vegetable and nut shipments. APHIS issues phytosanitary 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. More information can be accessed on DG Health & Consumer Protection's website http://ec.europa.eu/food/plant/organisms/imports/inspection_en.htm .

Commission Regulation 1756/2004 provides for plant health checks to be carried out at reduced frequency when this can be justified (list of products recommended for plant health checks at reduced levels updated June 29, 2011).

Tariffs

Tariff levels for 2012 are published in EU Regulation 1006/2011.
For details please refer to:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:282:0001:0912:EN:PDF

Peaches and nectarines: see page 97
Cherries: see page 97

Marketing:

EU Marketing Standards for Fruits and Vegetables

The Commission implementing Regulation (EU) No 543/2011 of the reform provides for a general marketing standard for all fresh fruits and vegetables, repealing Commission Regulation 1221/2008. For ten products, specific marketing standards are in place. The specific marketing standards are set out in Part B of Annex I to this Regulation. The specific marketing standards for peaches and nectarines can be found in Part 5 of that same section (p.86).

Fresh fruit and vegetable imports into the EU are checked for compliance with EU-harmonized marketing standards. These standards apply at all marketing stages and include criteria such as quality, size, labeling, packaging and presentation.

Trade Shows

Trade shows in Europe offer excellent opportunities for U.S. exporters to meet potential clients or business partners from EU countries and other continents. The most important trade shows related to the fruit and vegetable sectors are:

Fruit Logistica Berlin, Germany (Interval: yearly) Target Market: Germany/EU/Central & Eastern Europe Good venue for exhibiting fresh and dried fruit, nuts and related products http://www.fruitlogistica.de	Next Fair: **February 06-08, 2013**	U.S. Pavilion Organizer: B*FOR International Tel: (540) 373-9935 Fax: (540) 372-1414
Bio Fach 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 13-16, 2013**	U.S. Pavilion Organizer: B*FOR International Tel: (540) 373-9935 Fax: (540) 372-1411

Other Related Reports from FAS EU Offices

Report number	Title	Date released
SP1117	EU-27 – Stone Fruit Annual 2011	08/08/2011
PL1214	Challenging Year for Stone Fruit Production in Poland	07/11/2011
IT1136	Italy Stone Fruit Annual 2011	08/23/2011
GR1108	Greece Stone Fruit Annual 2011	08/17/2011
GM1006	Product Brief Fresh Fruits	02/08/2011
E60015	EU-27 FAIRS Export Certificate Report	03/23/2011
E60080	EU-27 FAIRS Country Report	12/30/2011