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Italy

Fresh Deciduous Fruit

Semi Annual

2005

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Report Highlights:
Italian fresh deciduous fruit production in 2004 shows mixed results. Production was good for apples and pears, very low for table grapes. Italian apples, and to a lesser extent pears, are well placed on the domestic and the international markets thanks to high specialization and marketing investments. The table grapes sector is squeezed by high costs of production and growing competition and is seeking government intervention to provide relief.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Rome [IT1]
[IT]

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Executive Summary

Fresh apples

PSD Table

Country	Italy					
Commodity	Apples, Fresh					(HA)(1000 TREES)(M
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [
Market Year Begin		07/2002		07/2003		07/2004
Area Planted	64447	64447	61214	61214	60983	61469
Area Harvested	60529	60529	56711	56711	56855	57169
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	2170000	2170000	1851524	1851524	2080000	2083600
Non-Comm. Production	36000	36000	26000	26000	26000	26000
TOTAL Production	2206000	2206000	1877524	1877524	2106000	2109600
TOTAL Imports	53618	53618	77244	77244	53000	63000
TOTAL SUPPLY	2259618	2259618	1954768	1954768	2159000	2172600
Domestic Fresh Consump	1213941	1213941	1032000	1032000	1109000	1109000
Exports, Fresh Only	670677	670677	622768	622768	660000	663600
For Processing	375000	375000	300000	300000	390000	400000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	2259618	2259618	1954768	1954768	2159000	2172600

Production

Italian fresh apple production in 2004 was in line with previous forecasts (see IT4028), up 12% from 2003, thanks to favorable climatic conditions during the season.

The area planted at country level remained about the same as the previous year. This could signal the stabilization at a plateau if compared with the trend of acreage reductions of the last decade. Apple production is increasingly concentrating (about 95% of production in 2004) in the Northern region of Trentino-Alto Adige where specialization of farmers allows for higher yields per hectare and better marketing organization than in other regions.

The variety breakdown of the 2004 production stayed in line with previous forecasts: Golden Delicious 45%, Red Delicious 13%, Gala 11%, Imperatore and Granny Smith 5%, Others 21%. Golden Delicious declined by 5% from 2003, while Pink Lady, Braeburn and Fuji are quickly gaining popularity.

Prices and Production Costs

Average production prices for apples in 2004 were about 21,000 US$ per hectare (about 8,300 US$ per acre) in Trentino-Alto Adige where yields are higher and about 16,000 US$ per hectare (6,200 US$ per acre) in other regions. This calculation includes variable costs, fixed costs, family labor, depreciations, etc. The above gives an average production cost between 0.35 and 0.39 Euros/Kg (469-523 US$ per Ton).

Market prices ensured better margins for more efficient farmers in Trentino-Alto Adige than for farmers in other areas, where prices paid were on average 10 Euro cents/Kg lower.

Domestic consumption and consumers' attitudes

Apple consumption in Italy is on the raise, mainly as a result of very effective marketing campaigns put in place by domestic producers.

According to a recent (July 2004) survey, about 70% of the Italian population "usually eats apples and apple cakes", a 20% "usually eats apple cakes but not apples", while only a 10% does not "eat apples or apple cakes". With regard to the appreciation for the fruit, the same survey shows that about 52% of the consumers declare to "love" apples, 17% of them declare to consume apples routinely without particularly loving them, while the rest does not regularly consume apples.

Italian consumers do not express particular concerns for residues of pesticides on the fruit, nor they show particular inclination for organic apples.

Research

According to the findings of a five year project conducted in Northern Italy, organic apple trees produce lower yields (-20% on average) than conventional ones. The productivity of the different varieties remains consistent in the two methods (more productive varieties remain so even when organic). Organic crops are less constant over the years than their conventional counterparts.

Policy

Italian apple producers express concern over the reform of EU marketing standards introduced by EU Regulation CE 85/2004 of January 2005. According to European rules, apples are classified in three categories (Extra, Class I, Class II) depending on caliber or weight (one or the other). The new Regulation would be enforced starting August 2005 and would reduce the minimum weight/size requirements for the three categories as shown below.

Current rules			
	Extra	*Class I*	*Class II*
Large varieties	70mm or 140g	65mm or 110g	65mm or 110g
Small varieties	60mm or 90 g	55mm or 80g	55 mm or 80g
New Regulation			
Large varieties	65mm or 110g	60mm or 90g	60mm or 90g
Small varieties	60mm or 90 g	55mm or 80g	55 mm or 70g

Italian apple producers fear that the new Regulation would reduce EU marketing standards, therefore resulting in lower quality for consumers. However, it is reasonable to think that such concerns are also driven by increasing competition by EU (Poland) and non-EU (Chile) products.

Please note that the marketing standards issue was raised at a meeting that FAS Rome hosted on March 11, 2005. The meeting was attended by Italian producers and their representatives, by some members of the U.S. Agricultural Technical Advisory Committee for horticultural products, as well as FAS/Washington.

Fresh Pears

PSD Table

Country	Italy					
Commodity	Pears, Fresh					(HA)(1000 TREES)(M
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [
Market Year Begin		07/2002		07/2003		07/2004
Area Planted	47000	47000	44740	44740	44689	44502
Area Harvested	43000	43000	40368	40368	40264	40652
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	940760	940760	831000	831000	950000	865000
Non-Comm. Production	45000	45000	41400	41400	42000	41000
TOTAL Production	985760	985760	872400	872400	992000	906000
TOTAL Imports	113827	113827	131000	131000	115000	120000
TOTAL SUPPLY	1099587	1099587	1003400	1003400	1107000	1026000
Domestic Fresh Consump	756936	756936	684700	684700	737000	706000
Exports, Fresh Only	137651	137651	118700	118700	140000	115000
For Processing	205000	205000	200000	200000	230000	205000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	1099587	1099587	1003400	1003400	1107000	1026000

Production

Italian pear production was 5% higher than in 2003 but below previous forecasts. Frequent and numerous summer hailstorms in the main producing region of Emilia-Romagna resulted in product losses and reduced quality of the fruits.

Planted acreage is stable, but productivity is expected to increase in the future as about 4,000 hectares of plantations are renewed every year.

Abate Fetel, Williams and Conference varieties represent about 70% of the Italian production. Although new varieties have been considered for new plantations, these three continue to be by far the most popular for fresh consumption and processing (mainly Williams).

Prices and Production Costs

Market prices in Emilia-Romagna ranged between 35 and 70 Eurocents per Kilo. Prices were pretty low at the beginning of the campaign, mainly because the quality of early varieties was reduced by summer hailstorms, and recovered later.

Pear production in Italy is considered quite profitable in specialized areas. Production cost in Emilia-Romagna was estimated at about 42 Eurocents per Kilo.

Marketing

Emilia-Romagna producers claim success for increasing sales of the EU-registered Protected Geographic Indication "Pera dell'Emilia-Romagna". The Geographic Indication was advertised on all the main TV channels and magazines.

According to a survey conducted by the promoters of the campaign, the target consumer of the EU-registered pear is female, between 25 and 44 years old, with a degree or superior education and with high disposable income.

Table Grapes

PSD Table

Country Italy

Commodity Grapes, Table, Fresh (HA)(MT)

	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [
Market Year Begin		01/2003		01/2004		01/2005
Area Planted	73620	73620	73345	73345	74125	71676
Area Harvested	72449	72449	72078	72078	73000	70414
Commercial Production	1258000	1258000	1513423	1513423	1600000	1418438
Non-Comm. Production	50000	50000	40000	40000	40000	47000
TOTAL Production	1308000	1308000	1553423	1553423	1640000	1465438
TOTAL Imports	14291	14291	16577	16577	15000	20000
TOTAL SUPPLY	1322291	1322291	1570000	1570000	1655000	1485438
Domestic Fresh Consump	680000	680000	685000	685000	750000	710438
Exports, Fresh Only	476877	476877	600000	600000	600000	470000
For Processing	165414	165414	285000	285000	305000	305000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	1322291	1322291	1570000	1570000	1655000	1485438

Production

In volume Italian table grape production in 2004 was 7% lower than in 2003. The 2004 campaign was pretty unfavorable for Italian table grape producers because of adverse weather conditions and plant health problems. Low temperatures and heavy rains during the flowering period resulted in different grape sizes within the same bunch. Farmers had to intervene manually to solve this problem and reduce the number of grapes, therefore increasing labor and therefore cost was required. Heavy rains made it difficult to intervene with timely phytosanitary treatments and resulted in significant losses of product.

Prices and Production Costs

Despite the reduced domestic production, market prices remained low due to increased imports from other countries (mainly Spain). The majority of the domestic production (about 90%) was sold on the market at a price between 0.20 and 0.40 Euros per Kilo. The early production achieved slightly better prices (about 0.50 Euros per Kilo).

According to some industry estimates, the average production cost for table grapes in Italy is about 0.48 Euros per Kilo. In 2004 it was as high as 0.52 Euros per Kilo because of the increased labor required by unexpected manual operations to reduce the number of grapes per bunch.

Policy

The Italian table grape sector is facing a deep crisis. Some of the reasons are inefficiencies of scale for small farms, increased price competition by EU countries and a lack of marketing organization of producers. Table grape producers echoed other fruit producers in asking for government intervention to provide relief to farmers affected by their market crisis in the horticultural sector.

Trade Matrixes

Export Trade Matrix

Country Italy

Commodit Apples, Fresh

Time Period	Year	Units:	MT
Exports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Germany	364474	Germany	328993
Spain	37130	United Kingdon	34575
Greece	36421	Spain	45216
United Kingdom	29300	Greece	28779
France	24226	France	26437
Austria	18106	Austria	22397
Belgium	14806	Czech rep.	18571
Sweden	14624	Sweden	16299
Norway	12126	Norway	15437
Denmark	12590	Denmark	12852
Total for Others	563803		549556
Others not Liste	106864		116934
Grand Total	670667		666490

Import Trade Matrix

Country Italy

Commodit Apples, Fresh

Time Period	Year	Units:	MT
Imports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Chile	18965	Chile	21987
France	7088	Argentina	6148
Belgium	4165	France	7020
Argentina	3866	Germany	4768
Netherlands	3833	Brasil	3373
Brasil	3640	Spain	3018
Austria	3297	Belgium	2372
Spain	3088	Netherlands	1968
Germany	2788	China	1462
New Zeland	830	Austria	1406
Total for Others	51560		53522
Others not Liste	2058		1796
Grand Total	53618		55318

Export Trade Matrix

Country Italy

Commodit Grapes, Table, Fresh

Time Period	Year	Units:	MT
Exports for:	2002		**2003**
U.S.	1000	U.S.	1000
Others		Others	
Germany	167271	Germany	162490
France	87131	France	92863
Poland	32717	Poland	46354
Belgium	25613	Belgium	29202
Switzerland	23882	Switzerland	22893
Netherlands	18046	Czech Rep.	22011
United Kingdom	13938	Netherlands	19065
Czech Rep.	14107	Denmark	10594
Austria	11492	Spain	10536
Denmark	10164	Norway	10513
Total for Others	404361		426521
Others not Liste	75198		85758
Grand Total	480559		513279

Import Trade Matrix

Country Italy

Commodit Grapes, Table, Fresh

Time Period	Year	Units:	MT
Imports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Spain	3643	Spain	4187
Chile	3547	Chile	3657
Belgium	1879	Netherlands	2205
Netherlands	1540	Belgium	1801
S. Africa	1080	France	1018
Total for Others	11689		12868
Others not Liste	2739		3738
Grand Total	14428		16606

Export Trade Matrix

Country Italy

Commodit Pears, Fresh

Time Period	Year	Units:	MT
Exports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Germany	66041	Germany	55555
France	24782	France	27133
United Kingdom	11962	United Kingdom	10564
Austria	9240	Austria	5870
Sweden	3595	Greece	3882
Greece	3429	Sweden	2852
Finland	2718	Spain	1717
Switzerland	2710	Finland	1657
Hungary	1832	Switzerland	1807
Belgium	1619	Hungary	910
Total for Others	127928		111947
Others not Liste	15807		15179
Grand Total	143735		127126

Import Trade Matrix

Country Italy

Commodit Pears, Fresh

Time Period	Year	Units:	MT
Imports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Argentina	51624	Argentina	60339
Spain	39707	Spain	34638
Chile	9268	Chile	11371
France	4476	France	5249
Netherlands	3413	Netherlands	3241
Belgium	2584	Belgium	3345
Germany	1245	Germany	1125
Total for Others	112317		119308
Others not Liste	3548		3044
Grand Total	115865		122352

Prices

Prices Table

Country Italy

Commodity Apples, Fresh

Prices in	Euros	per uom	Kilo

Year	2003	2004	% Change
Jan	0.55	0.7	27%
Feb	0.53	0.75	42%
Mar	0.55	0.91	65%
Apr	0.69	0.9	30%
May	0.82	0.96	17%
Jun	0.55	0.62	13%
Jul			
Aug	0.39	0.52	33%
Sep	0.39	0.45	15%
Oct	0.42	0.54	29%
Nov	0.65	0.54	-17%
Dec	0.7	0.57	-19%

Exchange Rate	1.32	Local Currency/US $
Date of Quote	3/14/2005	MM/DD/YYYY

Prices Table

Country Italy

Commodity Pears, Fresh

Prices in	Euros	per uom	Kilo

Year	2003	2004	% Change
Jan	0.68	0.7	3%
Feb	0.69	0.71	3%
Mar	0.69	0.73	6%
Apr	0.7	0.65	-7%
May	0.68	0.56	-18%
Jun	0.66	0.46	-30%
Jul	0.76	0.6	-21%
Aug	0.64	0.48	-25%
Sep	0.6	0.47	-22%
Oct	0.62	0.55	-11%
Nov	0.64	0.63	-2%
Dec	0.67	0.67	0%

Exchange Rate	1.32	Local Currency/US $
Date of Quote	3/14/2005	MM/DD/YYYY

Prices Table

Country Italy

Commodity Grapes, Table, Fresh

Prices in Euros per uom Kilo

Year	2003	2004	% Change
Jan	0.34		-100%
Feb			
Mar			
Apr			
May			
Jun	1.46		-100%
Jul	0.84	0.74	-12%
Aug	0.53	0.5	-6%
Sep	0.4	0.42	5%
Oct	0.39	0.31	-21%
Nov	0.42	0.31	-26%
Dec	0.51	0.33	-35%

Exchange Rate	1.32	Local Currency/US $
Date of Quote	3/15/2005	MM/DD/YYYY