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Italy

Canned Deciduous Fruit

Annual

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Report Highlights:

The Italian fruit canning industry continues to face competition from other EU countries, especially Greece and Spain. Deliveries to processors and production are in line with previous years for all products. The poor results of the Greek 2003 campaign benefited the U.S. which gained market share as a supplier of canned peaches to the Italian market, following Spain.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Table of Contents

Executive Summary..... 3
Market Structure 3
Data Availability 4
Pears..... 4
Peaches..... 5
Canned Mixtures..... 5
 PS&D TABLES.....6
 TRADE MATRIXES8

Executive Summary

Italian canned fruit production has been constantly decreasing over the last 15-20 years. The main reasons for this trend are: (a) a reduced consumer demand for canned products in Europe; (b) the reduced EU intervention on trade measures.

The lower demand resulted in a sharp decline of market prices in the '90s. Margins were badly affected, therefore many small processors had to consolidate in larger groups or to leave the business in the same period.

The reduced EU intervention through trade measures (tariffs and export refunds) in the second half of the '90s, lead the way to increased imports of cheaper intermediate and finished products from third countries. Only larger companies could keep pace with the increasing competition through scale economies, or eventually by making greater use of imported inputs to be processed into finished products.

In addition to that, Italian farmers had to face increasing competition from other EU suppliers of raw materials such as Spain (for pears) and Greece (for peaches). Nevertheless some distinction needs to be made between products: peaches were the most affected by the sector's crisis. Italian production met a big decline as it could not compete on price with imported products, especially from Greece. Italian processors largely import Greek diced peaches as an ingredient for the fruit mixes.

As far as pears are concerned, Italian production was somehow more resistant to the shock, especially thanks to the high specialization of the agricultural production in some area of the country (especially in the Emilia Romagna region).

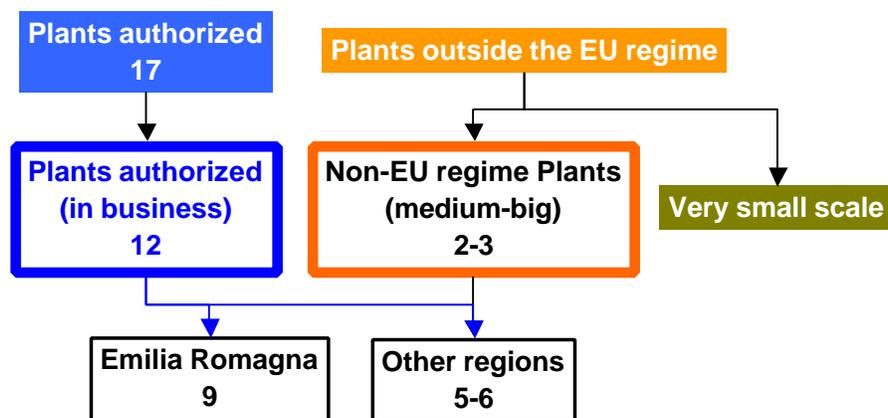
Market Structure

According to the EU common market organization and EU Regulation 449/2001, fruit producers are entitled to payments on the basis of volumes delivered to authorized processors. Volumes have to be contracted between producers and processors at the beginning of the campaign in July. Fruit processing takes place between June 15 and October 15 for peaches and between July 15 and December 15 for pears.

The EU payments for the 2003/4 campaign are Euros 47.7/MT for peaches and Euros 116.09/MT for pears. They are paid to producers association on the basis of volumes delivered to processors in the campaign.

There are currently 17 processing plants that are authorized under Regulation 449/2001 for processing fruit under the EU regime for 2003/2004, but according to industry sources only about 12 of them are in business. The remaining 5 have not yet been de-listed but have stopped processing.

About half of the plants process both peaches and pears, while the other half are specialized in pears. Nine plants are located in Emilia Romagna, the others are in Calabria, Veneto and Campania. In addition to those plants, there are a few others that process significant volumes of canned fruit outside the EU intervention scheme, as well as a number of small-scale handicraft operations.



Data Availability

Data for the report are from various sources. Horticultural producers associations (UNAPROA) provided data about fresh fruit deliveries to processors for the campaign. The national agency for EU payments (Agea) makes available data for fruit processed under the EU regime for the 2002/3 campaign, while there is very little or no statistical information available on plants that operate outside the EU intervention scheme. Official statistics on trade were last updated in December 2003.

Official data has been compared with industry sources and associations to arrive at the figures in this report.

Pears

Italian pear production in 2003 was quite high despite an 8% reduction in volume vis-à-vis 2002 (See IT4001). The ripening of the fruits was influenced by high temperatures and drought during the summer season, and as a result fruit was often of small size and with short necks. As domestic consumers look for large calibers and long necks for fresh consumption, this resulted in a larger share of the annual production to be exported or processed.

Production and processing are highly concentrated in the Emilia-Romagna region. A small share (about 5%) of the deliveries to processors are fresh pears imported from Spain. Williams is the most popular variety for canning.

International trade is expected in line with previous years. On the imports side, Spain is the sole significant supplier, while other countries supply only very limited volumes to Italy. Northern European countries, and especially France, Germany and the United Kingdom are the main export market for Italian pear exports. Export fluctuations are expected to be limited and aligned with 2001 levels.

Domestic consumption is stable as canned pears are a mature market in Italy. The stagnant demand and the high production in the 2002/3 campaign resulted in increased beginning stocks for 2003/4.

Peaches

According to horticultural producers association Unaproa and industry sources, Italian peaches deliveries to processors are about 20 mln Tons for the current campaign, in line with previous years. In addition to that, processors imported about 8 mln Tons of fresh peaches from other EU countries (mostly Spain) to be processed in Italy.

On the trade side, Greece is traditionally the main supplier of canned peaches for Italy. Trade data for 2003 show a very different situation as Greek production was very badly affected by climatic conditions (see GR4006) and Italy's imports dropped by about 80% from 2002. Spanish and American producers benefited from the situation by becoming respectively the first and the second suppliers of canned peaches to Italy.

US exports (5.5 mln Tons in 2003) are essentially diced peaches with no sugar added in cans weighting less than 4.5 Kilograms (code 20087099). Their value for the year is reported by Italian statistical office at about US\$ 4.8 mln. Exports are generally stable, mainly to Germany and other Northern European countries.

Canned Mixtures

Canned mixtures in Italy are generally produced by mixing 45% of pears, 45% of peaches and 10% of other fruits, so to comply with EU minimum quality requirements for mixtures. Pears are mostly produced in the country, while diced peaches and other fruits (in different proportions) are often imported from other EU and non-EU countries.

Production is very hard to estimate, but it is expected stable or slightly above previous years. The declining domestic demand is just partly compensated by an increasing demand for export

The main export markets are Northern European countries such as Germany and France.

PS&D TABLES

CANNED PEARS

PSD Table

Country Commodity	Italy Canned Pears					
	(MT)(MT, Net Weight)					
Market Year Begin	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [
	06/2001	06/2001	06/2002	06/2002	06/2003	06/2003
Deliv. To Processors	51300	51300	49000	71729		55182
Beginning Stocks	0	10400	1500	8688	1500	30000
Production	46500	46591	45500	69508	45000	42590
Imports	1000	1000	1000	2014	1000	2442
TOTAL SUPPLY	47500	57991	48000	80210	47500	75032
Exports	38000	42247	39500	40308	39000	41000
Domestic Consumption	8000	7056	7000	9902	7500	9032
Ending Stocks	1500	8688	1500	30000	1000	25000
TOTAL DISTRIBUTION	47500	57991	48000	80210	47500	75032

CANNED MIXTURES

PSD Table

Country Commodity	Italy Canned Mixtures					
	(MT)(MT, Net Weight)					
Market Year Begin	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [
	06/2001	06/2001	06/2002	06/2002	06/2003	06/2003
Deliv. To Processors	68000	68000	68000	69000	0	69000
Beginning Stocks	1500	11500	100	13211	0	11770
Production	70000	70000	70900	71505	0	71000
Imports	3300	3300	4000	3183	0	2196
TOTAL SUPPLY	74800	84800	75000	87899	0	84966
Exports	67700	64700	68000	69129	0	70000
Domestic Consumption	7000	6889	7000	7000	0	6196
Ending Stocks	100	13211	0	11770	0	8770
TOTAL DISTRIBUTION	74800	84800	75000	87899	0	84966

CANNED PEACHES

PSD Table**Country****Italy****Commodity****Canned Peaches**

(MT)(MT, Net Weight)

Market Year Begin	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [	Estimate [D]	USDA Official [	Estimate [D]	USDA Official [	Estimate [D]
	06/2001	06/2001	06/2002	06/2002	06/2003	06/2003
Deliv. To Processors	19500	19500	25000	25000	0	28000
Beginning Stocks	20000	18000	13000	13000	0	14000
Production	17000	17000	21000	21000	0	22500
Imports	20000	26309	15000	29270	0	26500
TOTAL SUPPLY	57000	61309	49000	63270	0	63000
Exports	34000	38949	38000	39118	0	38000
Domestic Consumption	10000	9360	9500	10152	0	10000
Ending Stocks	13000	13000	1500	14000	0	15000
TOTAL DISTRIBUTION	57000	61309	49000	63270	0	63000

TRADE MATRIXES

EXPORT CANNED PEARS

Export Trade Matrix

Country Italy

Commodity Canned Pears

Time Period	Year	Units:	MT
Exports for:	2002		2003
U.S.	27	U.S.	0
Others		Others	
France	15445	France	16404
Germany	13376	Germany	13498
United Kingdom	5518	United Kingdom	3628
Greece	2485	Netherlands	1601
Netherlands	1765	Austria	1044
Austria	1156	Belgium	574
Belgium	693	Spain	481
Spain	364	Greece	459
Sweden	359	Ireland	337
Eastern Europe	290	Denmark	257
Total for Others	41451		38283
Others not Listed	1249		1744
Grand Total	42727		40027

IMPORT CANNED PEARS

Import Trade Matrix

Country Italy

Commodity Canned Pears

Time Period		Units:	MT
Imports for:	2002		2003
U.S.	0	U.S.	518
Others		Others	
Spain	828	Spain	1513
S. Africa	286	Argentina	174
Belgium	56	S. Africa	80
France	49	France	53
Netherlands	23	Germany	35
Total for Others	1242		1855
Others not Listed	153		69
Grand Total	1395		2442

EXPORT CANNED MIXTURES

Export Trade Matrix

Country Italy

Commodity Canned Mixtures

Time Period	Year	Units:	MT
Exports for:	2002		2003
U.S.	114	U.S.	7
Others		Others	
Germany	20197	Germany	19422
France	13675	France	11689
United Kingdom	4627	Austria	4362
Austria	3748	United Kingdom	3669
Netherlands	2550	Netherlands	3384
Belgium	1506	Belgium	1250
Ireland	493	Spain	789
Spain	229	Ireland	281
Total for Others	47025		44846
Others not Listed	2423		2023
Grand Total	49562		46876

IMPORT CANNED MIXTURES

Import Trade Matrix

Country Italy

Commodity Canned Mixtures

Time Period	Year	Units:	MT
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Austria	1222	Austria	1360
Germany	825	Germany	1135
Greece	501	Greece	346
France	375	France	120
S. Africa	207		
Netherlands	123		
Total for Others	3253		2961
Others not Listed	117		59
Grand Total	3370		3020

EXPORT CANNED PEACHES

Export Trade Matrix

Country Italy

Commodity Canned Peaches

Time Period	Year	Units:	MT
Exports for:	2002		2003
U.S.	1	U.S.	1
Others		Others	
Germany	21422	Germany	21530
Netherlands	4329	Austria	4471
France	3509	Netherlands	4161
Austria	3303	France	2466
Belgium	1272	Spain	1322
United Kingdom	1069	Belgium	1095
Asia	911	United Kingdom	1004
Spain	818	Asia	320
Greece	113	Greece	245
Total for Others	36746		36614
Others not Listed	1699		2247
Grand Total	38446		38862

IMPORT CANNED PEACHES

Import Trade Matrix

Country Italy

Commodity Canned Peaches

Time Period	Year	Units:	MT
Imports for:	2002		2003
U.S.	23	U.S.	5503
Others		Others	
Greece	22276	Spain	7991
Spain	2322	Greece	5482
Germany	1967	France	2040
France	1768	Germany	1259
United Kingdom	874	United Kingdom	563
Austria	734	Austria	525
S. Africa	472	Netherlands	445
		S. Africa	385
Total for Others	30413		18690
Others not Listed	166		803
Grand Total	30602		24996