

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Italy Stone fruit 2011

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Stone Fruit

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Report Highlights:

MY 2011/12 total Italian peach and nectarine production is forecast at approximately 1.57 million metric tons (MMT), about the same as the previous marketing year. Peach and nectarine consumption and trade are forecast to stagnate due to the E. coli bacteria crisis and to decreased household purchasing power. The MY 2011/12 Italian cherries and apricots harvest are forecast at around 100,000 MT and 189,000 MT respectively.

I. PEACHES AND NECTARINES

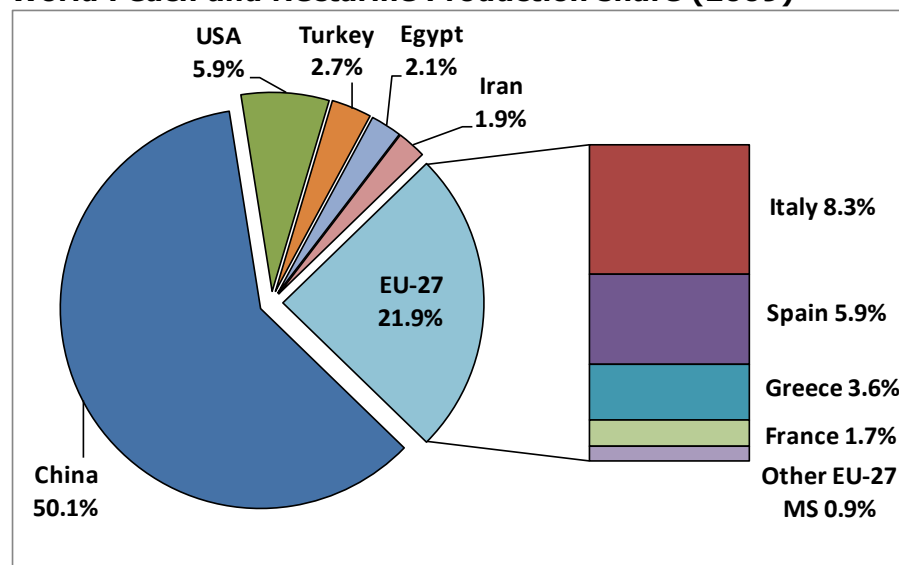
Italy is the largest peach and nectarine producer in the European Union (EU-27) and ranks second in the world after China. Stone fruit production plays a key role in the agricultural sector of several Italian regions, both in the North (especially in Emilia-Romagna and Piedmont) and in the South (Campania). In general, stone fruit orchards (free stone peaches, nectarines, cherries, apricots and plums) occupy around 1.3% (154,000 ha) of Italian agricultural land, of which peach and nectarine orchards occupy about 90,000 hectares. The bulk of the Italian harvest occurs in June and July.

Italian stone fruit Planted Area and Production

	2009		2010		2011	
	area	production	area	production	area	production
	000 ha	000 MT	000 ha	000 MT	000 ha	000 MT
Peaches&Nectarines	93	1,578	90	1,572	93	1,569
Peaches (fresh cons.)	60	701	58	699	60	700
Clingstone peaches		101		97		87
Nectarines	33	776	32	777	33	782
Cherries	30	116	30	115	30	101
Apricots	18	217	20	241	n.a.	189
Plums	14	189	14	207	n.a.	n.a.
Total stone fruit	155	2,100	154	2,137	n.a.	n.a.

Source: Istat and CSO.

World Peach and Nectarine Production share (2009)



Source: FAOSTAT.

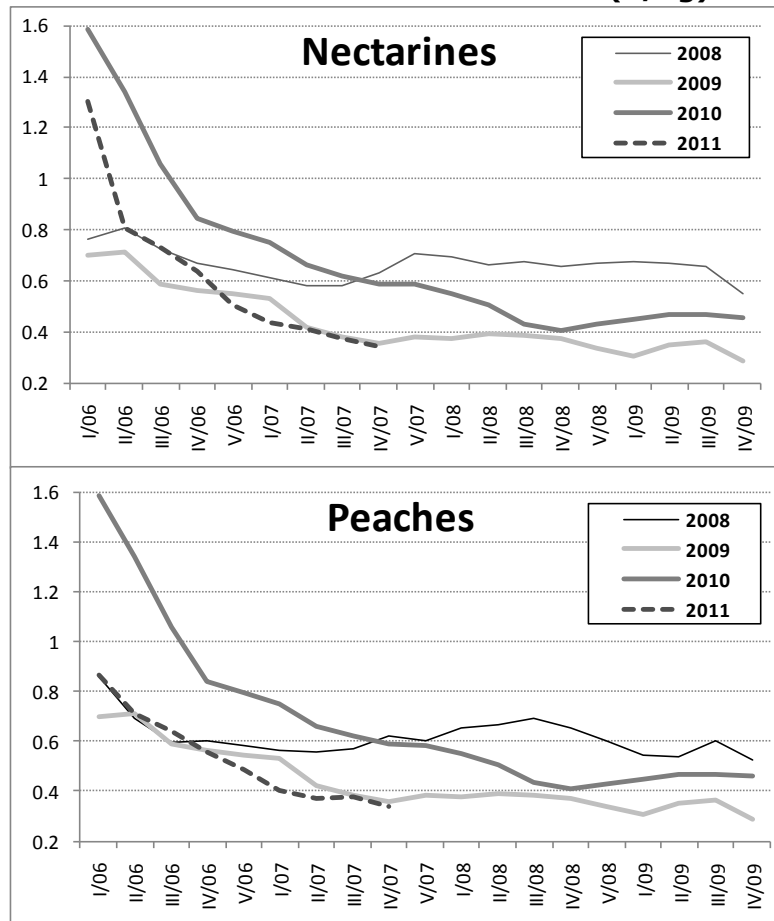
PRODUCTION

Production, Supply and Demand (ha, MT)

Peaches&Nectarines	2009/2010	2010/2011	2011/2012
	MY Begin: June 2009	MY Begin: June 2010	MY Begin: June 2011
	Current Post Data	Current Post Data	Current Post Data
Area Planted	93,061	90,259	92,800
Area Harvested	86,569	83,907	85,000
Production	1,578,479	1,572,309	1,569,293
Imports	71,584	65,605	66,000
Total Supply	1,650,063	1,637,914	1,635,293
Exports	358,367	360,055	360,000
Fresh Dom. Consumption	1,190,755	1,181,178	1,180,939
For Processing	100,941	96,681	87,354
Withdrawal From Market	0	0	7,000
Total Distribution	1,650,063	1,637,914	1,635,293

MY 2011/2012 total Italian peach and nectarine production is forecast at approximately 1.57 MMT, about the same as the previous marketing year. According to industry expectations, peach and nectarine production (for fresh consumption) is estimated at 700,010 MT and 781,929 respectively, while the cling peach harvest is likely to decrease by 10 percent from MY 2010/11 to 87,354 MT.

Italian Peach and Nectarine Price trend (€/kg)



Source: Ismea.

Despite the good quality of the harvest, the combination of large production and poor demand has weakened prices. Additionally, unusual weather (i.e., warmer in the north, cooler in the south) caused much of the crop to ripen at the same time, rather than progressively from south to north, so much of the crop hit the market at the same time. Moreover, good harvest in other producing EU Members State also is depressing the market. Prices in Italy are often so low—in some cases as low as €0.20/kg—that farmers are not harvesting the fruit. Sources estimated that a farm gate price of €0.48/kg and a yield of 30 MT/ha would be barely cover production costs , which fluctuate between €13,000 and €15,500/ha. Farmers across Italy have protested the low prices as well as the huge gap between farm gate and retail prices. For example, peach growers claim large retailers exploit their buying power to lower farm gate prices while increasing prices at consumer level.

CONSUMPTION

MY 2011/12 consumption is forecast to stagnate due to the E.Coli bacteria crisis and to the decreased household purchasing power. In an effort to prop up prices, Emilia-Romagna is procuring 1,000 MT of peaches and nectarines weekly for bioenergy (80 percent) or to distribute to the poor (20 percent).

Most Italian peaches and nectarines are for fresh consumption—both domestically and for export. Italian consumers generally prefer large, sweet, and pulpy fruits, while the North European markets prefer smaller, slightly sour, and crunchy fruits.

TRADE

Italy is a major peach and nectarine exporter, mainly within the EU-27. In MY 2010/11, Italy exports about 20 percent of its peach and nectarine production, with a value of \$383 million. MY 2011/12 peach and nectarine exports to northern EU markets have been hampered by the E. coli crisis although some Eastern European markets are increasing imports from the Mediterranean countries.

Italian Peach and Nectarine Exports ('000 MT)

	2008/2009	2009/2010	2010/2011
EU-27	295	322	322
Germany	138	147	147
Poland	16	24	27
Austria	20	22	22
Czech Republic	16	19	20
UK	25	26	19
Romania	8	10	14
Sweden	13	13	12
Denmark	10	12	11
Extra EU-27	30	37	38
Russia	6	12	15
Switzerland	13	13	12
World	326	358	360

Source: Istat.

MARKETING

The Italian Ministry of Agriculture has recently launched a marketing campaign attempting to promote fresh peach and nectarine consumption. The campaign aims at bringing fruit to beaches during the current holiday season and delivering them for free. The campaign is sponsored by the ItMinAg and carried out (delivering and transport) by the Harbour Office - Coast Guard, the Romagna PGI peach and nectarine Consortium, the Verona PGI peach Consortium and the Leonforte PGI peach consortium coordinated by the Fruit and vegetable co-operative society

(CSO). A public press campaign will be also put in place.

Given the current market crisis, Italian farmers are looking for new strategies to increase consumption and to gain more market share. Technical and genetic innovation is one useful tool to reach that goal. In particular, every year new peach and nectarines varieties are developed to cope with changing market and consumption dynamics. For instance, the varieties 'tabacchiera' (flat peach) and 'mangiatutto' (the peach stone is edible) are increasingly attracting consumers but still represents niche markets.

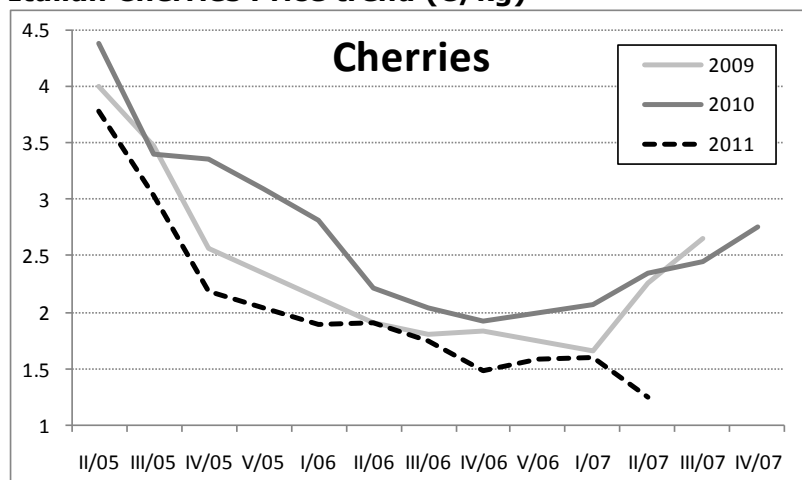
II. OTHER STONE FRUITS

CHERRIES:

Although Italian cherry production is second in the EU-27 after Poland, industry sources generally consider it to be of marginal importance as only small amounts are traded. MY 2011/12 Italian cherries production is expected at around 100,000 MT slightly below the previous crop. Rain significantly damaged the harvest all around Italy. Early varieties in Apulia (the leading region located in the south of Italy) were hit by heavy rains suffering an 80 percent production fall. Rain also reduced yields of both standard and late varieties harvest in Emilia-Romagna and Trentino (north of Italy). However, good yield and quality levels were recorded in some northern areas where farmers were able to protect their crops from rain with anti-hail nets.

Prices are slightly lower than the previous year but still quite profitable for cherry growers, especially for those selling high-quality cherries. The cherry area is estimated at around 30,000 hectares, however an increasing share is considered unproductive and generally not harvested. Despite the E. coli crisis and the general decline in fruit consumption, MY 2011/12 domestic consumption is expected to remain stable at slightly above 100,000 MT. Italy is generally self sufficient in cherries, which are mainly consumed fresh.

Italian Cherries Price trend (€/kg)



Source: Ismea.

APRICOTS:

Italy is the largest apricot producer in the EU-27, followed by France, Greece, and Spain. Italian

apricot area is gradually increasing due to higher profitability (compared to other fruit such as peaches and nectarines) and growing demand. MY 2011/12 apricots production, however, is forecast to fall sharply by 22 percent to about 189,000 MT due to poor spring weather.

Apricots are generally destined for fresh consumption. Italy is a net apricot importer, mainly from France or other EU Member States.

Abbreviations and definitions used in this report

Ha	Hectare; 1 ha = 2.471 acres
Peaches/nectarines	HS Code 080930
MT	Metric ton = 1,000 kg
MS	EU Member State(s)
MY	Marketing year: June/May