



Reviews of EU deciduous and citrus fruit sectors

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According to the USDA annual report on the EU27 deciduous fruit sector, 'commercial and non-commercial production increased in MY 08/09' by 14% to 10.2 million tonnes, although this represented merely a return to more normal production levels after a poor harvest in 2007/08. Nevertheless this put 'substantial downward pressure on prices for processing apples as well as table apples'. About '2.2 million tonnes of apples are traded between EU member states, while roughly 900,000 tonnes are imported from outside the EU'. Imports contribute about 7% of total apple supply. 75% of imported apples come from five southern hemisphere producers including South Africa, the second largest source of non-EU apples consumed in the EU. Some 749,000 tonnes of EU apples are exported, but none to ACP countries

Lower EU27 pear production meanwhile 'resulted in high prices and low commercial stocks'. The majority of pear trade takes place within the EU with around 500,000 tonnes traded while 350,000 tonnes are imported from outside the EU27. Total pear production in marketing year 2008/09 was 2,150,000 tonnes, down from 2,466,000 tonnes. Almost 75% of imports come from Argentina or South Africa. Together the five top suppliers account for 91% of EU imports. As with apples South Africa is the only ACP supplier. The EU exported some 274,658 tonnes in 2007/08, with no exports going to ACP countries.

The EU is a leading world producer and importer of table grapes. Three EU countries, Italy, Spain and Greece, account for most of domestic production. 'After years of decline, EU27 table-grape production and consumption has stabilised'. The decline is a result of decreased profitability and 'growing competition on the export markets, as well as rising pressure from imports'. The table-grape market is split between 'seeded' and 'seedless grapes'; patterns of consumption vary between member states, with seedless grapes dominating the UK market for example, while seeded grapes dominate the Italian market, despite the growth of demand for seedless grapes. Spanish producers have recently been investing in production of seedless grapes, while two-thirds of Greek table-grape production is seedless grapes.

Two ACP countries export table grapes to the EU - South Africa and Namibia (26.8% and 2.2% of supplies respectively in 2007/08). The EU exports no table grapes to ACP countries. The EU imports four times more table grapes than it exports.

Total citrus production for 2008/09 is expected to reach 10.1 million tonnes, 2% below the previous year, with divergent trends in different member states (Spain +18%, Greece -15%, Italy -26%, Cyprus -17%). South Africa is the only ACP supplier of citrus fruit to the EU market being the major supplier of fresh oranges (50% of total imports), the third largest supplier of tangerines/mandarins (17.5%) and a small supplier of lemons (12%), within a framework of TRQs for citrus imports. South Africa also exports some fruit juice to the EU but to a very small degree (0.3% of EU imports).

The USDA projects significant impacts from the ongoing process of CAP reform in the fruit-and-vegetable sector. The reform process allows partial decoupling to ease the transition, with substantial support being extended through producer organisations in support of specific operational programmes meant to 'help improve commodity production, marketing and environmental and phytosanitary conditions'.

Reviewing the policy framework for trade in EU fruit-and-vegetable products the USDA highlights the use of the entry price system (EPS), 'a complex tariff system which provides a high level of protection to EU producers'. 'In this system fruits and vegetables imported at or over an established entry price are charged an *ad valorem* duty only. Produce valued below the entry price are charged a tariff equivalent in addition to the *ad valorem* duty. The tariff equivalent is graduated for products valued between 92% and 100% of the entry price. The *ad valorem* duty and the full tariff equivalent are levied on imports valued at less than 92% of the entry price'. The future of the EPS is a subject of discussion in the WTO.

The EU is currently reforming the marketing standards applied in the fruit-and-vegetable sector with standards for 26 types of fruits being repealed from July 1st 2009. Marketing standards for apples, pears and grapes will however remain in place, as will standards dealing with labelling. The USDA analysis notes the growing importance of food-industry certification schemes, notably those of the major retail chains. The two preferred private-sector standards are Globalgap and the Q+S system. Both standards are open to international producers providing they comply with the certification requirements.

Sources

USDA annual report, *GAIN Report* No. E48134, December 1st 2008

<http://www.fas.usda.gov/gainfiles/200812/146306649.pdf>

USDA annual report, *GAIN Report* No. E48136, November 26th 2008

<http://www.fas.usda.gov/gainfiles/200811/146306601.pdf>

Editorial comment

The EU's entry-price system tends to affect lower-quality, lower-value products in a given sector. With the EU increasingly emphasising 'quality' production it is by no means clear what future role the EPS will play in the EU fruit-and-vegetable regime. However, the USA concludes that 'replacing the EPS with fixed tariffs could result in higher *ad valorem* duties', increasing the importance of tariff preferences to ACP suppliers (e.g. Namibian grape exporters).

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