

Canned Deciduous Fruit Situation in Selected Countries

Production of canned peaches in selected countries for 2001/2002 is estimated at 1.14 million tons, down 4 percent from the revised estimate of 1.19 million tons produced in 2000/2001. World exports for the selected countries 2001/2002 are forecasted at 629,000 tons, down less than one percent from the preceding year. Canned pear production for 2001/2002 is forecast at 131,000 tons, down 3 percent from the previous year. Exports of canned pears for 2001/2002 are estimated at 76,000 tons, down 6 percent from last year's level.

Regional and Country Highlights

The canned deciduous fruit sector is suffering a market crisis throughout the world due principally to an overproduction of canned peaches, low prices, and increased competition among the principal exporters: Greece, South Africa, Chile, and Australia.

Greece

The 2001 peach crop is down from last year due to the mild winter, warm spring and hail storms beginning in April. Nevertheless, the quality of the crop is good and even better than that of last year when the size of the fruit was small. Production for 2001/02 is estimated at 367,000 tons, down by 22,000 tons from our April forecast and down from the two previously record breaking levels of 397,000 tons in 2000 and 441,000 tons in 1999. Despite record breaking exports of 400,000 tons during the 2001 marketing year, carry over stocks are at 87,000 tons, the second largest after the 102,000 tons in the preceding year. The Greek total supply is placed at 455,000 tons, the second largest after last year. Consequently, exports for the upcoming 2001/02 marketing year are estimated at 385,000 tons, the third largest on record.

Greek prices last year were extremely low, resulting in large exports and causing some unfavorable tariff actions against Greek shipments. Argentina initiated a countervailing duty levy of 12 percent on top of a 35 percent tariff and a \$0.5/kg safeguard measure. Brazil initiated an anti-dumping duty of 100 percent on top of 16.5 percent tariff and an additional tariff of 55 percent for a special listing of the product on an exception list. The loss of these two markets contributed to expanded shipments into the United States. Other factors assisting these exports were a low domestic Greek price and an appreciating U.S. dollar.

Italy

Italian canned peach, pear and mixed fruit output for 2001/02 is estimated at 22,000, 34,000 tons and 68,000 tons respectively. Although growing conditions are favorable so far this year, the output of canned peaches is forecast to decline further because processors prefer to import Greek peaches in bulk for repackaging under their own labels. The arrangement allows Italian canners to benefit in the export market by using lower cost Greek product in their mixed fruit line. It also provides the canners with leverage to negotiate a lower price from domestic processors.

The competitive price of Greek canned peaches on the international market resulted in a rebuilding of large stocks. In fact, Italian imports increased by 5,500 tons to total 25,000 tons during marketing year 2000/01, whereas exports declined by 5,000 tons to total 32,000 tons in the same period. Due to large stocks, Italian canned peach imports are forecast to decline in 2001/02 whereas exports should remain stable.

Canned pear output for 2001/02 is forecast to decline by 2,000 tons to total 34,000 tons due to a decline in fruit production. The Italian canned mixture production will be marginally affected by a decline in pear and apple production because peach production remained quite stable, and pineapples are imported.

Italian exports of canned pears and mixtures increased in marketing year 2000/01 despite a decline in fruit mixture output. In fact, Italian canned pears and mixtures remain competitive on the international market, due to the quality of Italian pears and their relatively low prices. However, these exports are forecast to decline in 2001/02 due to reduced domestic production.

From the marketing standpoint, canned peaches and pears are generally considered to be a mature food product with little room for growth due to competition from fresh fruit imports, which are increasingly available throughout the year. Fruit cocktail, however, is considered to be a convenience food that still offers market opportunities, especially in export markets. Canned pears and peaches are destined almost exclusively for the catering industry in Italy, while canned mixtures are still consumed by families.

South Africa

South Africa's fruit canning industry is the fourth largest in the world. The domestic industry is made up of four main canners, Langerberg foods, Sapco of Delmonte Brand, Ashton, and Rhodes Fruit Farm Foods. Exports account for 90 percent of all canned fruit production. Over half of South Africa's exports go to Europe.

Calendar year 2001 canned production (peaches, pears, apricots, and mixed fruit) is estimated at 183,500 tons, up 11 percent from a year earlier due to a return to more normal weather and diversion of more fruit to canning. More fruit went to processing because of stricter EU quality standards for fresh fruit which limit South Africa's fresh shipments. Exports are expected to rise by 12 percent to about 148,800 tons while domestic consumption will drop by 5 percent to 36,000 tons. Of the total fresh fruit delivered for processing, about 47,000 tons was apricots, 114,000 tons peaches, 86,000 tons pears, and 247,000 tons

mixed fruit. Stricter regulations have also resulted in delays in shipments as well as an increase in ending stocks.

Australia

Production of canned peaches for the 2001/02 marketing year is forecast at 45,650 tons, up about 2 percent or 800 tons from the revised estimate of 44,820 tons produced last year. The upward forecast is based upon industry reports of new plantings.

Exports of canned peaches for calendar year 2001 are forecast to increase by 9 percent to total 9,436 tons compared to the level achieved during the previous year. While this increase is significant, exports remain well below levels achieved during the 1980s, when average annual exports of over 20,000 tons were achieved. In recent years exports have remained low due to continued tough competition from subsidized EU exports on world markets. Exports to the United States are forecast to increase dramatically from the extremely low levels of the previous year, driven by a favorable exchange rate

Cannery intake for pears in calendar year 2002 is forecast to rise slightly to 54,000 tons. Dry conditions at flowering and a lack of subsoil moisture have not significantly affected yield potential at this stage, but may have restricted fruit size to average levels. Irrigation allocations have previously been low in some valleys but were recently revised upwards to average levels. Canned pear production for calendar year 2002 is also forecast to rise slightly to 44,820 tons from 44,405 tons canned last season.

Industry sources indicate that canneries tend to view the domestic market as the primary market. Initiatives such as innovations in product packaging and product promotion are developed and targeted at the domestic market. Surplus production is typically exported because canners do not wish to compete for the "commodity end" of the export market (bulk markets) because this would bring them into direct competition with subsidized product.

The three canneries currently processing fruit in Australia are SPC, Ardmona and Berri. According to industry sources, SPC is the largest and currently processes around 50 percent of the peach crop and around 54 percent of the pear crop. Ardmona is the other major processor, accounting for around 41 percent of the peach crop and 46 percent of the pear crop. Berri is a minor player, processing only 9 percent of the peach crop. SPC a publicly listed company and Ardmona a grower owned cooperative are currently negotiating a merger. While the details of this merger are currently not clear, it appears that SPC will buy out Ardmona with the name of the company becoming SPC Ardmona Ltd. The proposal is yet to gain approval of the Australian Competition and Consumer Commission (ACCC), which has the power to determine whether the merger is anti-competitive.

The reason behind the merger is that both companies need to increase size in order to take advantage of export opportunities. Also, each company has focused on different aspects of production. SPC in recent years has dramatically improved its packaging and presentation of its product to enhance consumer

perceptions while Ardmona has improved its sorting capacity and fruit quality. Since these aspects of canned fruit production complement each other, the merger would improve efficiency and increase export opportunities.

Chile

The initial production forecast for canned Chilean peaches in marketing year 2001/02 indicates a level similar to the previous year's output. Although it is still too early to predict with certainty, enough rain and sufficient cold hours in all growing areas is expected to assure an excellent budding, which will have a positive effect on the upcoming production. Estimated production for marketing year 2000/01 remains unchanged from the April forecast of 46,000 tons. Stock levels will be abnormally high at the end of the marketing year due to reduced exports.

For marketing year 2000/01, exports of canned peaches will end the year below both the previous year and our previous estimates. This is mainly due to the loss of the Mexican market resulting from increased competition of the Greek canned peaches. Additionally, exports to Argentina, Chile's third largest export market have come to a stop. Argentina, which is facing a major economic crisis, decided to protect their domestic production by increasing import duties for non-Mercosur members countries to 28 percent. This includes Chile since it is only an "associate" member. Additionally, a safeguard is applied to all canned peach imports bringing the actual Argentine tariff rate to an estimated 90 percent. Chile's exports for marketing year 2001 are initially forecast to recover based on lower production prices.

The FAS Attache Report search engine contains reports on the Canned Deciduous Fruit. For information on production and trade, contact Robert Knapp at 202-720-4620. For information on marketing contact Kristan Kezar at 202-609-0556.)

CANNED PEACHES: PRODUCTION, SUPPLY AND DISTRIBUTION

| Country | Beginning Stocks | Production | Imports | Total Supply | Exports | Domestic Consumption | Ending Stocks |
|--------------------------------|-------------------------|-------------------|----------------|---------------------|----------------|-----------------------------|----------------------|
| --Metric Tons Net Weight 1/ -- | | | | | | | |
| Greece | | | | | | | |
| 1999/2000 | 5,506 | 441,000 | 1,500 | 448,006 | 335,500 | 10,506 | 102,000 |
| 2000/01 | 102,000 | 397,000 | 1,000 | 500,000 | 400,000 | 13,000 | 87,000 |
| 2001/02 | 87,000 | 367,000 | 1,000 | 455,000 | 385,000 | 13,000 | 57,000 |
| Italy | | | | | | | |
| 1999/2000 | 0 | 41,000 | 19,500 | 60,500 | 37,000 | 12,000 | 11,500 |
| 2000/01 | 11,500 | 26,500 | 25,000 | 63,000 | 32,000 | 11,000 | 20,000 |
| 2001/02 | 20,000 | 22,000 | 20,000 | 62,000 | 32,000 | 10,000 | 20,000 |
| Spain | | | | | | | |
| 1999/2000 | 14,700 | 182,000 | 5,054 | 201,754 | 76,504 | 104,900 | 20,350 |
| 2000/01 | 20,350 | 165,000 | 4,839 | 190,189 | 72,002 | 102,700 | 15,487 |
| 2001/02 | 15,487 | 170,000 | 4,439 | 189,926 | 75,000 | 103,000 | 11,926 |
| United States | | | | | | | |
| 1999/2000 | 75,730 | 357,216 | 26,229 | 459,175 | 20,197 | 381,619 | 57,359 |
| 2000/01 | 57,359 | 350,888 | 47,859 | 456,106 | 14,171 | 401,110 | 40,825 |
| 2001/02 | 40,825 | 325,557 | 52,650 | 419,032 | 11,340 | 387,300 | 20,392 |
| Australia | | | | | | | |
| 1999/2000 | 8,478 | 41,465 | 282 | 50,225 | 8,399 | 32,526 | 9,300 |
| 2000/01 | 9,300 | 44,820 | 445 | 54,565 | 9,436 | 35,529 | 9,600 |
| 2001/02 | 9,600 | 45,650 | 500 | 55,750 | 10,568 | 35,582 | 9,600 |
| Chile | | | | | | | |
| 1999/2000 | 1,778 | 43,500 | 105 | 45,383 | 38,564 | 6,500 | 319 |
| 2000/01 | 319 | 46,000 | 168 | 46,487 | 35,000 | 7,000 | 4,487 |
| 2001/02 | 4,487 | 46,000 | 50 | 50,537 | 40,000 | 7,000 | 3,537 |
| Argentina | | | | | | | |
| 1999/2000 | 0 | 62,320 | 12,220 | 74,540 | 935 | 72,000 | 1,605 |
| 2000/01 | 1,605 | 70,520 | 498 | 72,623 | 880 | 71,000 | 743 |
| 2001/02 | 743 | 72,980 | 450 | 74,173 | 1,230 | 71,000 | 1,943 |
| South Africa | | | | | | | |
| 1999/2000 | 5,922 | 80,400 | 518 | 86,840 | 47,200 | 19,000 | 20,640 |
| 2000/01 | 20,640 | 87,600 | 250 | 108,490 | 69,000 | 19,100 | 20,390 |
| 2001/02 | 20,390 | 90,000 | 270 | 110,660 | 74,000 | 19,500 | 17,160 |
| Total | | | | | | | |
| 1999/2000 | 112,114 | 1,248,901 | 65,408 | 1,426,423 | 564,299 | 639,051 | 223,073 |
| 2000/01 | 223,073 | 1,188,328 | 80,059 | 1,491,460 | 632,489 | 660,439 | 198,532 |
| 2001/02 | 198,532 | 1,139,187 | 79,359 | 1,417,078 | 629,138 | 646,382 | 141,558 |

Note: For Calendar year reference, MY 1999/00 would become Cy 1999

1/ One metric ton equals 48,99 standard 45-lb. cases net of 24x2 1/2 cans

Source U.S. Agricultural Attache Reports

CANNED PEARS: PRODUCTION, SUPPLY AND DISTRIBUTION

| Country | Beginning Stocks | Production | Imports | Total Supply | Exports | Domestic Consumption | Ending Stocks |
|--------------------------------|-------------------------|-------------------|----------------|---------------------|----------------|-----------------------------|----------------------|
| --Metric Tons Net Weight 1/ -- | | | | | | | |
| Australia | | | | | | | |
| 1999/2000 | 7,671 | 44,820 | 40 | 52,531 | 18,141 | 29,190 | 5,200 |
| 2000/01 | 5,200 | 44,405 | 47 | 49,652 | 14,019 | 29,800 | 5,833 |
| 2001/02 | 5,833 | 44,820 | 50 | 50,703 | 14,000 | 30,100 | 6,603 |
| Spain | | | | | | | |
| 1999/2000 | 8,200 | 36,200 | 318 | 44,718 | 9,413 | 27,800 | 7,505 |
| 2000/01 | 7,505 | 34,500 | 474 | 42,479 | 7,583 | 24,183 | 10,713 |
| 2001/02 | 10,713 | 30,000 | 500 | 41,213 | 8,000 | 25,000 | 8,213 |
| Italy | | | | | | | |
| 1999/2000 | 20,000 | 34,000 | 6,000 | 60,000 | 34,000 | 10,000 | 16,000 |
| 2000/01 | 16,000 | 36,000 | 2,000 | 54,000 | 39,000 | 9,000 | 6,000 |
| 2001/02 | 6,000 | 34,000 | 4,000 | 44,000 | 35,000 | 8,000 | 1,000 |
| South Africa | | | | | | | |
| 1999/2000 | 9,826 | 19,800 | 0 | 29,626 | 18,498 | 4,200 | 6,928 |
| 2000/01 | 6,928 | 20,700 | 0 | 27,628 | 19,700 | 4,250 | 3,678 |
| 2001/02 | 3,678 | 22,500 | 0 | 26,178 | 18,700 | 4,400 | 3,078 |
| Total | | | | | | | |
| 1999/2000 | 45,697 | 134,820 | 6,358 | 186,875 | 80,052 | 71,190 | 35,633 |
| 2000/01 | 35,633 | 135,605 | 2,521 | 173,759 | 80,302 | 67,233 | 26,224 |
| 2001/02 | 26,224 | 131,320 | 4,550 | 162,094 | 75,700 | 67,500 | 18,894 |

Note: For Calendar year reference, MY 1999/00 would become Cy 1999

1/ One metric ton equals 48,99 standard 45-lb. cases net of 24x2 1/2 cans

Source U.S. Agricultural Attache Reports

U.S. IMPORTS OF CANNED PEACHES
Marketing Year June/May

| Origin | 1996/97 | 1997/98 | 1998/99 | 1999/2000 | 2000/01 |
|--------------------------------|----------------|----------------|----------------|------------------|----------------|
| --Metric Tons Net Weight 1/ -- | | | | | |
| Greece | 19,475 | 4,586 | 6,715 | 20,077 | 35,437 |
| Spain | 4,324 | 11,424 | 1,971 | 1,993 | 3,122 |
| South Africa | 2,717 | 3,863 | 1,531 | 474 | 4,390 |
| Chile | 1,166 | 447 | 69 | 2,388 | 1,654 |
| China | 244 | 728 | 1,064 | 369 | 881 |
| Japan | 69 | 7 | 0 | 0 | 0 |
| France | 56 | 102 | 46 | 95 | 133 |
| Italy | 19 | 13 | 25 | 0 | 59 |
| Other | 17 | 814 | 2,487 | 833 | 2,183 |
| Grand Total | 28,087 | 21,984 | 13,908 | 26,229 | 47,859 |

1/ One metric ton equals 48.99 cases standard cases of 24 x 2 1/2 cans

Source: U.S. Census Bureau

U.S. EXPORTS OF CANNED PEACHES
Marketing Year June/May

| Destination | 1996/97 | 1997/98 | 1998/99 | 1999/2000 | 2000/01 |
|--------------------------------|----------------|----------------|----------------|------------------|----------------|
| --Metric Tons Net Weight 1/ -- | | | | | |
| Canada | 4,192 | 7,452 | 6,248 | 8,043 | 5979 |
| Mexico | 451 | 950 | 4,154 | 5,395 | 220 |
| Japan | 2,559 | 2,917 | 2,475 | 2,248 | 1083 |
| Korea | 1,593 | 569 | 1,220 | 1,142 | 1541 |
| Taiwan | 1,295 | 912 | 1,036 | 346 | 392 |
| Singapore | 900 | 228 | 110 | 141 | 63 |
| Hong Kong | 809 | 287 | 197 | 47 | 56 |
| Philippines | 442 | 119 | 650 | 91 | 828 |
| Costa Rica | 494 | 581 | 619 | 450 | 343 |
| Germany | 233 | 346 | 265 | 101 | 0 |
| Guatemala | 217 | 188 | 226 | 383 | 216 |
| El Salvador | 214 | 218 | 245 | 273 | 243 |
| Saudi Arabia | 201 | 467 | 151 | 154 | 221 |
| Russia | 1,077 | 579 | 5 | 0 | 0 |
| Other | 1,329 | 3,184 | 10,133 | 1,383 | 2,986 |
| Grand Total | 16,006 | 18,997 | 27,734 | 20,197 | 14,171 |

1/ One metric ton equals 48.99 cases standard cases of 24 x 2 1/2 cans

Source: U.S. Census Bureau

U.S. EXPORTS OF CANNED PEARS
Marketing Year June/May

| Destination | 1996/97 | 1997/98 | 1998/99 | 1999/2000 | 2000/01 |
|--------------------------------|----------------|----------------|----------------|------------------|----------------|
| --Metric Tons Net Weight 1/ -- | | | | | |
| Canada | 2,703 | 3,261 | 3,293 | 3,501 | 2,917 |
| Mexico | 77 | 14 | 0 | 23 | 0 |
| Germany | 115 | 95 | 96 | 0 | 0 |
| United Kingdom | 85 | 219 | 0 | 0 | 20 |
| Japan | 311 | 290 | 528 | 279 | 410 |
| Hong Kong | 49 | 6 | 128 | 87 | 0 |
| Singapore | 41 | 10 | 3 | 2 | 94 |
| Thailand | 39 | 22 | 17 | 8 | 1,260 |
| Malaysia | 31 | 19 | 18 | 6 | 0 |
| Russia | 43 | 0 | 0 | 0 | 108 |
| Saudi Arabia | 15 | 58 | 29 | 3 | 0 |
| United Arab Emirates | 0 | 390 | 662 | 426 | 0 |
| Other | 197 | 323 | 214 | 254 | 1,032 |
| Grand Total | 3,706 | 4,707 | 4,988 | 4,589 | 5,841 |

1/ One metric ton equals 48.99 cases standard cases of 24 x 2 1/2 cans
Source: U.S. Census Bureau

U.S. EXPORTS OF CANNED FRUIT MIXTURES
Marketing Year June/May

| Destination | 1996/97 | 1997/98 | 1998/99 | 1999/2000 | 2000/01 |
|--------------------------------|----------------|----------------|----------------|------------------|----------------|
| --Metric Tons Net Weight 1/ -- | | | | | |
| Canada | 7,422 | 8,512 | 10,432 | 10,273 | 4,653 |
| Mexico | 185 | 520 | 362 | 374 | 876 |
| Japan | 3,555 | 2,928 | 3,681 | 3,876 | 2,081 |
| Philippines | 3,804 | 700 | 633 | 640 | 628 |
| Hong Kong | 1,970 | 606 | 506 | 414 | 212 |
| Singapore | 1,826 | 999 | 817 | 567 | 455 |
| Taiwan | 416 | 626 | 814 | 355 | 104 |
| Korea | 421 | 689 | 500 | 547 | 158 |
| Panama | 597 | 1,148 | 802 | 844 | 593 |
| El Salvador | 337 | 379 | 486 | 447 | 479 |
| Costa Rica | 834 | 1,230 | 1,063 | 868 | 763 |
| Saudi Arabia | 820 | 1,182 | 1,022 | 186 | 659 |
| Other | 2,762 | 2,841 | 4,207 | 3,109 | 1,756 |
| Grand Total | 24,949 | 22,360 | 25,325 | 22,500 | 13,417 |

1/ One metric ton equals 48.99 cases standard cases of 24 x 2 1/2 cans
Source: U.S. Census Bureau