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Stone Fruit Annual

EU Peach and Nectarine Production Expected to Grow while Cherry Production is Projected to Decline

Approved By:
Jennifer Clever, Agricultural Counselor

Prepared By:
Carmen Valverde, Agricultural Specialist

Report Highlights:

In MY 2019/20 (January/December), EU production of peaches and nectarines is estimated to increase 6.6 percent compared to the previous season to 4.1 million MT due to favorable weather conditions in most of the major producing countries. Conversely, in MY 2019/20 (April/March) EU cherry production is projected to decline 18 percent to 681,596 MT. Unfavorable weather conditions during flowering and ripening in EU producing countries support the anticipated decline. EU stone fruit exports continue to decline as a result of the 2014 Russian embargo imposed on food and agricultural products. During MY 2019/20, in response to EU domestic supplies, EU imports of cherries may increase while EU imports of peaches and nectarines are expected to decrease. The United States is the fifth largest non-EU supplier of cherries.

Disclaimer: This report presents the situation and outlook for stone fruit including peaches, nectarines and cherries in the EU. The report presents the views of the authors and does not reflect the official view of the U.S. Department of Agriculture (USDA). The data are not official USDA data.

This report was written with the contributions of the following Foreign Agricultural Service analysts:

Ornella Bettini FAS/Rome covering Italy
Dimosthenis Faniadis FAS/Rome covering Greece
Xavier Audran FAS/Paris covering France
Mila Boshnakova FAS/Sofia covering Bulgaria
Mira Kobuszynska FAS/Warsaw covering Poland
Sabine Lieberz FAS/ Berlin covering Germany
Gellert Golya FAS/Budapest covering Hungary
Carmen Valverde FAS/Madrid covering Spain and Portugal
Tania de Belder FAS/USEU Brussels covering the EU policy section

Harmonized System (HS) Codes:
Peaches and nectarines HS Code 080930
Cherries HS Code 080921, 080929

Abbreviations and definitions used in this report
CAP Common Agricultural Policy
CMO Common Market Organization
EC European Commission
EU European Union
FAS Foreign Agricultural Service
GTA Global Trade Atlas
MY Marketing year
MS EU Member State
MT Metric ton (1,000 kg)
MMT Million Metric Tons
PS&D Production, Supply and Demand
USD U.S. Dollar

Note: The European Union Member States (MS) are mandated to annually provide the EU Commission with data concerning the "production area" of permanent crops. This means "the area that can potentially be harvested in the reference harvest year. It excludes all non-producing areas, such as new plantations that have not yet started to produce" (Regulation (EC) No 543/2009 of the European Parliament and of the Council of 18 June 2009, Article 2 (f)). In this report, this corresponds to the line

"Planted Area." Not all MS publish harvested data. Hence, in this report, the line "Area Harvested" is a FAS Post estimate.

Executive Summary

European production of peaches and nectarines in MY 2019/20 (January/December) is estimated at 4.1 million MT. This estimate is 6.6 percent higher compared to the previous year due to an expected increase in most of the major European Union (EU) producing countries supported by favorable weather conditions. According to FAS Post projections, the area planted is anticipated to remain stable in MY 2019/20 at around 222,900 ha.

In MY 2019/20, fresh consumption of peaches and nectarines is projected to increase six percent to 3.2 MMT due to higher supply. Favorable weather conditions in the EU may also encourage peach and nectarine consumption. The use of peaches and nectarines for processing may also increase to 710,790 MT as a result of higher supply compared to previous year.

In MY 2018/19, the main suppliers of peaches and nectarines to the EU were Chile, South Africa, Turkey and Morocco. EU's total imports of peaches and nectarines rose 28 percent to 34,855 MT and valued at $86 million. In MY 2019/20, EU peaches and nectarines imports are expected to lower due to the forecast higher production.

The EU is a net exporter of peaches and nectarines with exports largely exceeding imports. With lower domestic supplies in MY 2018/19, the volume of EU's exports of peaches and nectarines lowered 38 percent to 155,395 MT and valued at $141 million. The main destination for EU peaches and nectarines were Belarus, Switzerland, and the Ukraine. Due to the Russian embargo on agricultural and food products imposed since 2014 (see Policy Section), EU peaches and nectarines exports to Russia remain negligible, costing about $170 million. In MY 2019/20, EU peaches and nectarines exports are expected to grow due to the forecast increase in production.

Total cherry production in MY 2019/20 (April/March) is projected at 681,596 MT, an 18 percent decrease compared with the last season. The expected strong drop in the major producing countries is supported by unfavorable weather conditions during flowering and ripening. According to FAS projections, the updated data for total EU cherry planted area is expected to stabilize around 159,800 ha in MY 2019/20.

In MY 2019/20, consumption of fresh cherries in the EU may decline with an estimated volume of around 421,000 MT. Also, in MY 2019/20, cherries for processing may also decrease 20 percent to 293,130 MT due to lower Polish production, the EU's largest cherry processor.

The EU is a net importer of cherries sourced mostly from Turkey. The United States is the fifth largest non-EU supplier of cherries mainly imported through the United Kingdom. In MY 2018/19, the EU imported a total of 46,734 MT U.S. cherries, valued at $165 million, a six percent drop compared to

previous season due to higher supply. In MY 2019/20, EU imports of cherries may increase as EU cherry production is expected to decline.

The main export destinations for the major EU cherry producers are other Member States; the most important non-EU destinations are Belarus, Switzerland, and Serbia. In MY 2018/19, EU exports of fresh cherries increased 14 percent by volume to 16,034 MT and valued at $20 million. In MY 2018/19, EU cherry exports to Russia were negligible due to the 2014 Russian embargo, costing about $41 million. In MY 2019/20, EU exports of cherries may decrease due to the expected reduction of the overall EU cherry production.

Commodities

Fresh Peaches & Nectarines

Production, Supply and Demand Data

Table 1. Production, Supply and Demand Data Statistics

Peaches & Nectarines, Fresh	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	228,214	226,456	228,880	222,715		222,894
Area Harvested	209,132	206,380	209,800	203,328		202,097
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total Trees	0	0	0	0		0
Commercial Production	4,045,593	4,302,138	3,546,576	3,841,818		4,096,798
Non-Comm. Production	40,865	43,456	35,824	38,806		41,382
Production	4,086,458	4,345,594	3,582,400	3,880,624		4,138,180
Imports	27,100	27,112	30,000	34,855		30,000
Total Supply	4,113,558	4,372,706	3,612,400	3,915,479		4,168,180
Fresh Dom. Consumption	3,102,797	3,357,096	2,670,920	3,022,222		3,227,390
Exports	250,900	251,295	200,000	155,395		200,000
For Processing	729,861	734,315	711,480	707,862		710,790
Withdrawal From Market	30,000	30,000	30,000	30,000		30,000
Total Distribution	4,113,558	4,372,706	3,612,400	3,915,479		4,168,180
(HA) ,(1000 TREES) ,(MT)						

Source: FAS Madrid

The main EU producers of peaches and nectarines are Spain, Italy, Greece and France, in this order. There is also limited production in other EU MS, including Hungary, Portugal, Bulgaria and Poland. Italy used to be the EU's largest producer but in recent years Spain has become the biggest producer and

exporter due to its early season harvest and yielding varieties. Greece is the EU's leading peach processor.

Production

The EU area planted of peaches and nectarines in MY 2018/19 was around 222,700 ha, 1.7 percent smaller than the EU area planted in 2017. Also, the Italian and Greek peach and nectarine planted areas have been revised down. According to FAS post projections, the EU planted area for peaches and nectarines is forecast to remain stable in MY 2019/20. In addition, productivity gains for peaches and nectarines have been achieved with the introduction of new and higher yielding varieties that bring more diversity in the types of fruit and in harvest dates.

In MY 2019/20, EU Production of peaches and nectarines is estimated at 4.1 million MT, 6.6 percent higher compared to the previous season due to an expected increase in most of the major EU producing countries (see Table 2). Fruit quality is expected to be good.

Table 2. Major EU Fresh Peach & Nectarine Producers by Volume in MT

Country	MY 2017/18	MY 2018/19	MY 2019/20
Spain	1,706,780	1,472,859	1,604,380
Italy	1,362,054	1,147,793	1,293,000
Greece	935,361	964,673	910,000
France	221,853	184,000	203,300

Source: FAS EU offices

Over the last five years, Spain has become the largest peach and nectarine producer in the EU. Larger planted area and production growth in Spain's most important peach and nectarine regions of Aragón, Cataluña and Murcia, as well as significant increases in Extremadura, Andalusia, and Valencia, are the main factors contributing to the recent expansion in Spanish overall production. Spanish area planted of peaches and nectarines are around 85,000 ha. Spanish stone fruit has an important advantage in terms of quality due to the vast varietal renewal that has taken place in recent years. Spain has planted newer varieties with more intense flavors and color.

According to the Spanish industry, latest estimates for Spanish peach and nectarine production for MY 2019/20 is projected to recover from last season, amounting to 1.6 MMT and contributing almost 40 percent of the total EU peach and nectarine production. This is a 9 percent increase in volume compared to MY 2018/19 due to favorable weather conditions, despite slight problems caused by frost and spring rains in some of the Spanish producing regions.

In Italy, the main producing regions are Campania, Emilia-Romagna, Piemonte, Sicilia, Puglia, Calabria, Basilicata, and Veneto. Italy's MY 2019/20 peach and nectarine production is forecast to increase 13 percent to 1,293,000 MT. Good temperatures during flowering facilitated the increase and offset hailstorms and rainfalls in May. Italy's peach and nectarine production area decreased by 4 percent in MY 2018/19 standing at 64,000 ha due to the Sharka disease in Emilia-Romagna, Piemonte, Veneto, and Basilicata.

According to the Greek industry, there are approximately 48,000 hectares currently cultivated for peaches and nectarines. The main producing areas in Greece include Imathia, Pella, Pieria, and Kozani of Central Macedonia located in northern Greece, and the area of Larissa, in Thessaly, in Central Greece. Most of the crop is harvested in June and July. Greece's MY 2019/20 peach and nectarine production is preliminary forecasted to decrease by 5.7 percent due to unfavorable weather conditions, with hail that reduced the volume harvested in the main producing areas.

In MY 2019/20 France's peach and nectarine crop is expected to increase 11 percent from last year due to favorable weather conditions in the spring despite a short heatwave in June that slowed fruit growth and some strong winds in the south of France that lead to fruit falls. In recent years, French peach and nectarine orchards continue to shrink due to poor economic conditions for peach producers combined with the loss of trees to the Sharka disease.

In Hungary, Portugal, and Bulgaria peach and nectarine production is forecast to go up due to good yields expected in these regions.

Consumption

In MY 2019/20, fresh consumption of peaches and nectarines in the EU is projected to increase 6 percent to 3.2 MMT due to higher supply but also favorable weather conditions that may encourage consumption. The use of peaches and nectarines for processing may also go up to 710,790 MT as a result of the higher supplies compared to previous year.

As the major producing regions in the EU, Spain and Italy are also the major consumers of peaches and nectarines. Most Spanish and Italian peaches and nectarines are consumed fresh. Consumers in southern countries generally prefer large, sweet, and pulpy fruits, while the North European markets prefer smaller, slightly sour, and crunchy fruits. France, Portugal, Bulgaria, and Poland consume more peaches and nectarines than they produce while Hungary's market situation is more balanced.

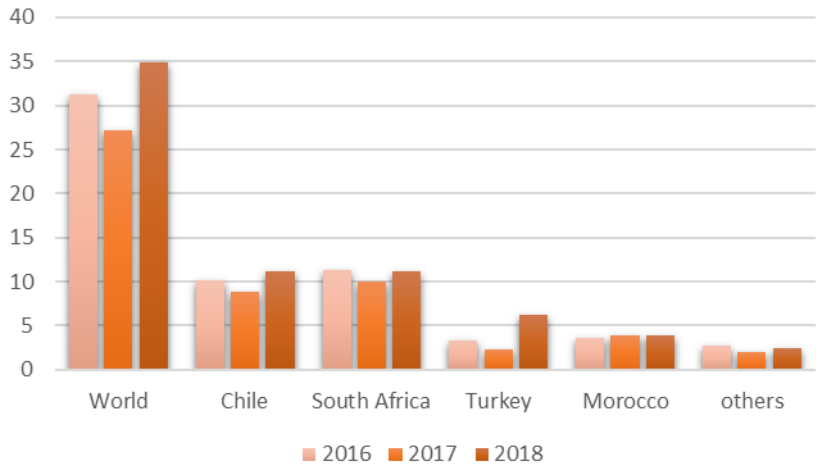
Greece is the major peach processor in the EU followed by Spain. Italian and Greek nectarine production is destined mainly for the fresh market; Freestone peach varieties are used for fresh consumption, while clingstone varieties are predominantly used for processing.

Trade

Imports

In MY 2018/19, the main suppliers of peaches and nectarines to the EU were Chile, South Africa, Turkey and Morocco (see Chart 1). During this period, EU peaches and nectarines imports from Chile and Turkey grew significantly. In MY 2018/19, the EU's imports of peaches and nectarines amounted to 34,855 MT, 28 percent higher than the previous year due to a decrease in production valued at $86 million. France has a massive peach and nectarine trade deficit, with more than half of total imports sourced in the southern hemisphere and imported during the European off-season. In MY 2019/20, EU peaches and nectarines imports are expected to lower due to an increase of production forecast in MY 2019/20.

Chart 1. EU Imports of Fresh Peaches & Nectarines by Origin in 1,000 MT



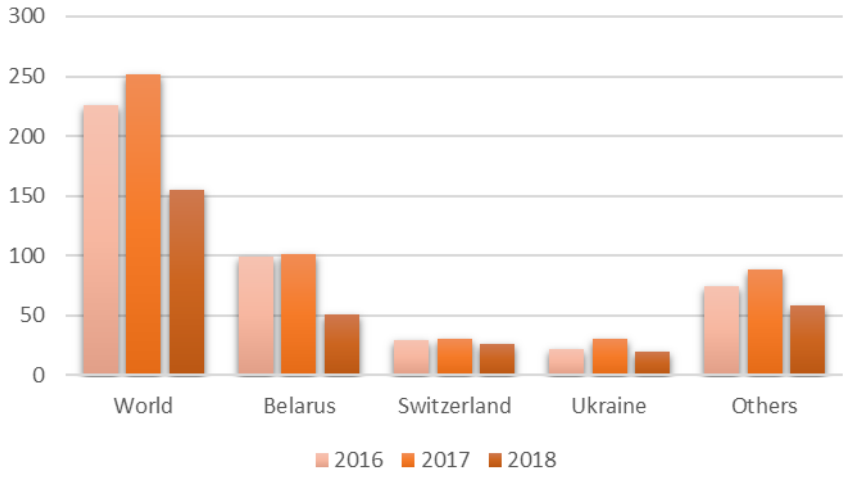
Source: GTA

Exports

The EU is a net exporter of peaches and nectarines with exports largely exceeding imports. In MY 2018/19, the value of EU exports of peaches and nectarines lowered 21 percent to $141 million, and the volume decreased 38 percent to 155,395 MT. In MY 2018.19, the main export destination for EU peaches and nectarines were Belarus followed by Switzerland and the Ukraine (see Chart 2). EU peaches and nectarines exports to Russia were negligible due to the Russian embargo imposed on agricultural and food products since 2014 (see Policy Section), costing roughly $170 million.

The EU's major producers compete for sales within the European market. Thanks to an earlier harvesting period with high quality products, Spain continues to dominate the European market. However, in MY2018/19, Spanish total exports lowered 20 percent to 740,535 MT due a reduction in supply. Ninety-five percent of Spain's peaches and nectarines exports are mainly shipped to other countries in the EU. The loss of the Russian market due to the 2014 Russian embargo has been slightly offset with an increase in exports to other Member States and to third countries such as Switzerland and Brazil. In addition, Spanish exports to Canada and the Middle East have grown significantly. In July 2016, China authorized imports of peaches and nectarines from Spain. However, as of the date of this report, Spanish exports of peaches and nectarines to China remain negligible due to logistical issues. In MY 2018/19, Italy -the second major EU exporter of peaches and nectarines- lowered its shipments 30 percent to 157,473 MT. Lower domestic production contributed to the reduction in Italian exports. In MY 2019/20, EU exports of peaches and nectarines may increase due to an expected growth in production.

Chart 2. EU Exports of Fresh Peaches & Nectarines by Destination in 1,000 MT



Source: GTA

Fresh Cherries (Sweet & Sour)

Production, Supply and Demand Data

Table 3. Production, Supply and Demand Data Statistics

Cherries (Sweet&Sour), Fresh	2017/2018		2018/2019		2019/2020	
Market Begin Year	Apr 2017		Apr 2018		Apr 2019	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	158,535	159,127	158,836	159,830		159,856
Area Harvested	151,096	152,532	152,276	153,992		151.956
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total Trees	0	0	0	0		0
Commercial Production	576,924	589,098	753,405	793,191		647.516
Non-Comm. Production	30,364	31,005	39,653	41,747		34.080
Production	607,288	620,103	793,058	834,938		681.596
Imports	49,939	49,931	55,000	46,734		48.000
Total Supply	657,227	670,034	848,058	881,672		729.596
Fresh Dom. Consumption	455,930	468,447	486,568	497,073		420.966
Exports	14,005	14,003	13,000	16,034		15.000
For Processing	186,792	187,084	347,990	368,065		293.130
Withdrawal From Market	500	500	500	500		500
Total Distribution	657,227	670,034	848,058	881,672		729.596
(HA) ,(1000 TREES) ,(MT)						

Source: FAS Madrid

The main EU cherry producers are Poland and Spain. Traditionally, Italy ranked second in production but according to the Italian forecast for MY 2019/20, Italy's cherry production may drop significantly. In addition, Germany ranked fourth but in the last few years, Greece and Hungary have surpassed German cherry production (see Table 4). There is also limited production in other EU member states, including Bulgaria, France and Portugal. Poland is the EU's largest cherry processor transforming 75 percent of its cherry production. Spain is the biggest exporter due to its early season harvest while Germany is the biggest EU importer. Italy is the number one consumer of fresh cherries.

Production

Total cherry production in MY 2019/20 is projected to lower 18 percent to 681,596 MT due to the expected drop in the major producing countries (see Table 4). Fruit quality is expected to be good. According to FAS projections, the updated data for total EU cherry planted area will remain stable at around 159,800 ha in MY 2019/20.

Table 4. Major EU Fresh Cherries (Sweet & Sour) Producers by Volume in MT

Country	MY 2017/18	MY 2018/19	MY 2019/20
Poland	91,300	260,600	195,000
Spain	114,433	117,000	100,000
Greece	89,026	90,326	85,000
Hungary	69,757	82,970	74,000
Germany	24,802	60,125	62,196
Italy	118,258	114,797	58,000

Source: FAS EU offices

Post's MY 2019/20 forecast for Poland's total sweet and sour cherries production stands at 195,000 MT, a 25 percent decrease from last year. The total production number consists of 150,000 MT sour cherries and 45,000 MT sweet cherries. In MY 2019/20, Poland cherry orchard's acreage diminished by 2.6 percent to 38,000 Ha. Due to low profitability during MY 2018/19, some sour cherry producers cut off the orchards with fruit varieties oriented for processing. The winter was mild, and in the most Polish regions there were no winterkills in cherry orchards. Instead, during the vegetation period in MY 2019/20, unfavorable weather conditions impacted cherry fruit development. A sudden hit of spring frost at the end of April and May, low temperatures during flowering and heavy drought in June caused a large quantity of fruit buds to fall.

Spanish cherry production for MY 2019/20 is projected to lower 15 percent to 100,000 MT due to unfavorable weather conditions. The main cherry producing areas are Extremadura, accounting for over 35 percent of Spain's total. Aragon accounts for over 20 percent of Spain's production. In Spain, cherry harvesting takes place from the end of April through mid-August. The dominant varieties are: *Napoleon*, which is sold fresh and used for jams; *Ambrunesa*, which is a late variety with a crispy consistency and sweet taste; and, *Burlat*, an early harvested variety bearing a thick fruit with red, strong, juicy and sweet pulp. Some new varieties include *Starking*, *Lapins*, *Summit*, *Vittoria*, *Van* (California), *Picota* and *Sandy*. The sour varieties include *Richmond, Montmorency,* and *Morello*.

Italy's MY 2019/20 cherry production is preliminarily forecast to drop by almost 50 percent to 58,000 MT mainly due to severe hailstorms that occurred in May and affected early varieties. However, ideal temperatures in June were beneficial to late varieties that registered good quality and calibers. Puglia, Campania, Veneto, and Emilia-Romagna are the leading producing areas. Furthermore, new orchards are entering production in Trentino. *Bigarreau, Regina, Kordia, Giorgia, and Ferrovia* are the main cherry varieties grown in Italy.

Greece's MY 2019/20 cherry production is forecast to decrease 5.9 percent due to unfavorable weather conditions during harvest. The extensive rainfall that occurred during the harvest period resulted in production loss in the main producing areas in Northern Greece. Pella, Imathia, Kozani (Northern Greece), and Larissa, Lamia (Central Greece) are the leading producing areas.

Hungary is one of Europe's largest sour cherry producers. The area planted with sour cherries is 14,400 ha, and it is harvested on about 13,300 ha. Domestic varieties are almost exclusively cultivated in the country. Technology and productions level vary widely. In MY 2019/20, pollinators' activity was much lower because of the cold, windy, and rainy weather. Consequently, poor pollination and significant fruit drop reduced the crop. Therefore, sour cherry production is estimated to be down to 74,000 MT. Annual sweet cherry production is around 11,000MT in Hungary and is expected to decrease in MY 2019/20 to 10,000 MT because of unfavorable weather conditions during flowering and ripening. Meanwhile, new Hungarian hybrids, such as "Carmen", "Rita", and "Vera" are getting more popular among farmers.

Total German cherry production for MY 2019/20 is estimated to grow 3.4 percent to 62,200 MT. This rise also represents a 34 percent increase compared to the historical (2009-2018) ten-year average. Sweet cherry production is estimated at 47,730 MT and tart cherries at 14,470 MT.

In MY 2019/20, France's cherries crop is expected to slightly recover from the low 2018 level due to favorable weather conditions. Despite some excess moisture leading to fruit rot in several producing regions there were fewer insect attacks (namely Drosophila Suzukii) compared to last year. The cherry planted area continued to decline as old orchards are not systematically replaced. Producers blame the lack of new disease resistant varieties as well as the high production cost. In addition, the 2016 French decision to ban a pesticide (Dimethoate) efficient against Drosophila Suzukii was extended in 2019 (see Policy Section).

Portugal's MY 2019/20 cherry production is forecast to grow as a result of increasing yields at 3.5 tons/ha due to favorable weather conditions. Conversely, Bulgaria's MY 2019/20 cherry production is expected to drop 10 percent.

Consumption

In MY 2019/20, EU consumption of fresh cherries may decline to an estimated volume of around 421,000 MT. Italy and Spain are the biggest EU consumers of fresh cherries. In MY 2019/20, cherries for processing may also decrease 20 percent to 293,130 MT due to the drop in Polish production as Poland processes 75 percent of its cherry production.

Sweet cherry is a seasonal fruit consumed fresh. Sour cherry is utilized principally by the processing industry. The main sour cherry products are frozen fruits, juice concentrates and jams or marmalade. In countries such as Spain, Portugal, France, Italy and Greece, domestic consumption is almost exclusively

fresh, with minor amounts going to the brining and processing industry. In Germany, fresh cherries are considered a seasonal product and stocked in supermarkets mainly during the German marketing season (July/August). In Hungary, the average per capita fruit consumption is under the EU average. In Bulgaria, due to improving income and changing lifestyle, fresh consumption of stone fruits demonstrates is stable upward trend.

Trade

The EU is a net importer of cherries sourced mostly from Turkey (see Chart 3). The United States is the fifth largest non-EU supplier of cherries imported by the United Kingdom. The main export destinations for the EU producers are other Member States; other destinations outside the EU are Belarus, Switzerland, and Serbia (see Chart 4).

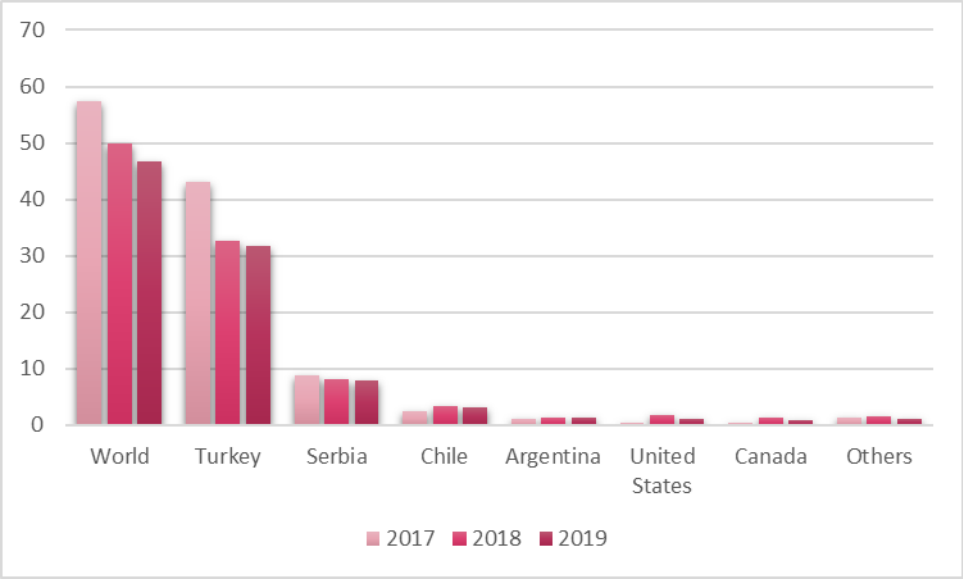
Imports

In MY 2018/19, EU imports of fresh cherries were valued at $165 million with a total volume of 46,734 MT, a six percent drop compared to previous season due to higher supply. According to GTA data, in MY 2018/19, the EU imported 977 MT of U.S. cherries (mainly through the United Kingdom), valued at $5.5 million. In MY 2019/20, EU imports of cherries may increase as EU cherry production is expected to decline.

Germany is the fourth largest importer of cherries in the world after China, Hong Kong, and Russia. From 2009 to 2018, between 50 and 77 percent of the cherries consumed in Germany were imported. German imports of cherries vary annually between 45,000 and 72,000 MT. Germany sources cherries primarily from other EU member states. It sources sweet cherries mainly from Austria, Italy, and Spain. Germany sources tart cherries from Hungary, Poland, and the Czech Republic. The largest non-EU suppliers are Turkey for sweet cherries and Serbia for tart cherries.

France has a large trade deficit in cherries, importing mainly from other EU countries (mainly Spain followed by Germany). Shipping a volume of 300 MT, the United States used to be the third largest non-EU supplier of cherries to France after Turkey and Chile. However, France's decision to renew its ban on imports of cherries from countries where Dimethoate can be legally used on cherry trees effectively cut U.S. cherry access to the French market (see Policy Section).

Chart 3. EU Imports of Fresh Cherries (Sweet & Sour) by Origin in 1,000 MT



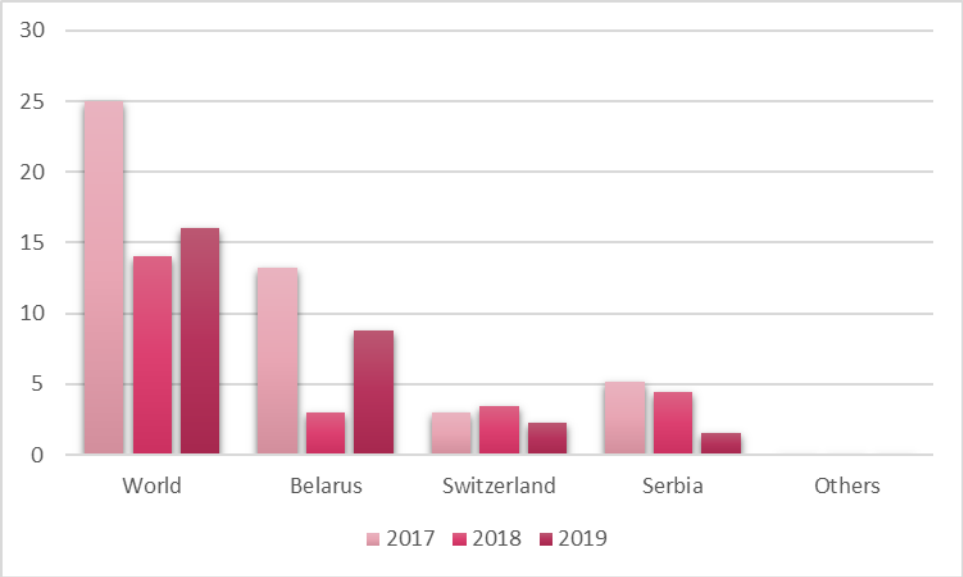
Source: GTA

Exports

In MY 2018/19, EU exports of fresh cherries increased 14 percent in volume to 16,034 MT and valued at $20 million (see Chart 4). The main destinations for EU cherries were Belarus, Switzerland, and Serbia as EU cherry exports to Russia were only negligible due to the Russian embargo after four consecutive years, costing $41 million. In MY 2019/20, EU exports of cherries may decrease as EU cherry production is expected to decline.

Poland is looking for new export markets since the 2014 Russian ban. Prior to the ban, Russia was the main cherry export market for both tart and sweet cherries capturing 60 percent of Poland's total cherry exports. After the ban, Polish exporters increased sales to Belarus, Lithuania, Latvia, and Estonia. In MY 2018/19, Polish exports to these countries increased 73 percent due to the growth in Poland's cherry production. In MY 2018/19, the main export destinations became the most profitable EU member states destinations, with Germany taking the lead. Italy and Spain focused their exports to the EU market, while Greece and Hungary are also exporting to Serbia.

Chart 4. EU Exports of Fresh Cherries (Sweet & Sour) by Destination in 1,000 MT



Source: GTA

Trade Shows

Trade fairs play a key role in presenting new products to the trade or in finding additional buyers and importers. The most important trade shows related to the fruit and vegetable sectors are:

FRUIT ATTRACTION

FRUIT ATTRACTION Madrid, Spain (Interval: yearly) Target Market: Spain/International http://www.fruitattraction.com	Next Fair: October 22-24, 2019

Fruit attraction is an international Trade Show for the Fruit and Vegetable Industry sector with more than 1600 exhibitor companies from around the world.

FRUIT LOGISTICA

FRUIT LOGISTICA Berlin, Germany (Interval: yearly) Target Market: Germany/EU/Central & Eastern Europe The leading European trade show for fresh and dried fruit, nuts, and related products http://www.fruitlogistica.de	Next Fair: February 5-7, 2020

FRUIT LOGISTICA is the major trade show for fresh and dried fruits in Europe. The next show will take place on **February 5-7, 2020.** More than 2,400 companies from across the entire fresh produce value chain will participate, including major global players, as well as small and medium-sized suppliers from around the world.

BIOFACH

BIOFACH Nuremberg, Germany (Interval: yearly) Target Market: Germany/Europe The leading European trade show for organic food and non-food products http://www.biofach.de	Next Fair: February 12-15, 2020

BIOFACH is one of the most important trade shows for organic products in Europe. The next show will take place on **February 12-15, 2020.**

Policy

Stone fruit falls under the EU fruit and vegetables regime and is part of the Common Agriculture Policy (CAP). The following sections explain the main elements of the EU fruit and vegetables policy that refer to the stone fruit sector.

I. EU Policy Related to Stone Fruit

1. The Common Agriculture Policy (CAP)

Regulation (EU) No 1308/2013 outlines a framework for market measures under the CAP by the single Common Market Organization (CMO) and it entered into force on January 1, 2014. The CAP 2020 reform consists of four basic regulations, supplemented by delegated acts, and amends the implementing rules for the fresh and processed fruit and vegetables sectors (Commission implementing Regulation (EU) No 543/2011).

On June 1, 2017, Commission Delegated Regulation 2017/891 entered into force and amended regulation 543/2011. The new framework seeks to make Producer Organizations (POs) more attractive to non-members and provide greater clarity about what actions are eligible for EU funding. The framework seeks to set the maximum percentage of produce that can be marketed outside the organization to 25 percent in order to create shorter supply chains where producers can sell directly to consumers. It also simplifies and clarifies legislation with regard to payments to transnational POs and their associations. In addition, it increases the support for withdrawals for fruit and vegetable from the market POs.

These market measures under the CAP aim to:

a) Create a more competitive and market-oriented sector

The POs are still the key elements in the EU's CMO for fruit and vegetables. POs are legal entities established by producers to market commodities, including citrus fruit. These POs are eligible to receive EU subsidies instead of individual producers. In order to qualify for EU subsidies, a PO must submit an operational program financed through an operational fund and directly receives the EU's financial contribution. The basis for the calculation of the estimated amount of the operational fund is the operational program and the value of the marketed production. The approval of operational programs happens under Regulation (EU) No 1308/2013.

Fresh fruit and vegetable imports into the EU have to comply with EU-harmonized marketing standards. These standards apply at all marketing stages and include criteria such as quality, size, labeling, packaging, and presentation. Commission implementing Regulation (EU) No 543/2011 provides for a general marketing standard for all fresh fruits and vegetables. Specific marketing standards are still in place for ten products, including peaches and nectarines, and are set out in Part B of Annex I on page 86 (section 5).

b) Diminish crisis-related fluctuations in producers' income

To achieve this objective, the EU offers funding under the operational programs for:

- Product withdrawal
- Green harvesting/non-harvesting;
- Promotion/communication tools;
- Training measures;
- Harvest insurance;
- Assistance to secure bank loans, and support for administrative costs associated with setting up mutual funds.

In their national strategies, the national authorities must determine which of these instruments can receive funds in their respective countries. The POs may take out loans on commercial terms to finance crisis prevention and management measures. The repayment of the capital and the interest on those loans may be eligible for financial assistance under the operational programs of the POs.

c) Encourage increased consumption of fruit and vegetables in the EU

The European "School Fruit Scheme" originated in 2009 as a measure to combat child obesity. It includes three elements: free distribution of fruit and vegetables in schools, informational campaigns on healthy eating habits, and monitoring and evaluation. As in previous years, the EU funds of $264 million (€250 million) are allocated in the school year 2019/2020 to all of the Member States (MS).

Commission Implementing Decision C(2019)2249 on the new School Scheme for Milk, Fruit and Vegetables will apply as of August 1, 2019**.**

The sector may also benefit from the European promotion budget for agricultural products and quality schemes. The Commission reformed its promotion policy with an extension of the product scope and a greater focus on export markets. The current promotion budget of $76 million (€60 million) will increase annually until it reaches $255 million (€200 million) in 2020. There will be no longer need for national co-funding and EU associations will be able to apply directly for a program.

d) Increase the use of environmentally friendly cultivation and production techniques

At least 10 percent of operational program funding must be spent on environmental actions that go beyond mandatory environmental standards. MS with recognized POs must draw up a National Framework for Environmental Action (NEF) as part of their "national strategy for sustainable operational program." The NEF must contain a non-exhaustive list of environmental actions and the conditions applicable to them in the MS concerned.

CAP after 2020:

On 1 June 2018, the European Commission presented legislative proposals on the common agricultural policy (CAP) beyond 2020. The aim of the new proposals is to better respond to current and future

challenges such as climate change. The CAP will continue to support European farmers, but the overall budget is lower compared to the previous period.

For information on the CAP after 2020, please see:

https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap_en

2. Certification of Fruit Shipments

Fruit, vegetable, and nut shipments exported to the EU require a phytosanitary certificate. A USDA/Animal Plant Health Inspection Service (APHIS) inspector issues these certificates in accordance with international regulations established by the International Plant Protection Convention of the Food and Agriculture Organization of the United Nations. This standard-setting body coordinates cooperation between nations to control plant and plant product pests and to prevent their spread.

Council Directive 2000/29/EC contains provisions concerning compulsory plant health checks. This includes documentary, identity, and physical plant health checks to verify compliance with EU import requirements. There is more information available on the DG Health and Food Safety (DG SANTE) website: http://ec.europa.eu/food/plant/plant_health_biosecurity/non_eu_trade/index_en.htm

Commission Regulation 1756/2004 provides for a possibility to carry out plant health checks at reduced frequency when justified. The European Commission published the updated list of products on January 1, 2019. The Commission monitors imports of fruit and vegetables on an annual basis to determine how to adjust the frequency of testing consignments.

3. Maximum Residue Levels for Fruit

Maximum Residue Levels (MRLs) for pesticides, including import tolerances, have been harmonized throughout the EU since September 2008. As a marketing tool, some retail chains in the EU adopt private standards that exceed EU regulations by requiring their suppliers to adhere to stricter company policies that limit the maximum residues to 30, 50, or 70 percent of the respective EU MRL. Please find the link to the EU MRL database, as well as to the subscription page for the global MRL database for MRLs worldwide.

4. Tariffs

EU imports of fresh fruit and vegetables are subject to the Entry Price System (EPS), which has been in place in its current form since the Uruguay Round. It is a complex tariff system, which provides a high level of protection to EU producers. In this system, fruits and vegetables imported at or above 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 percent of the entry price. The ad valorem duty and the full tariff equivalent are levied on imports valued at less than 92 percent of the entry price.

Tariff levels for 2019 are published in Commission Implementing Regulation 2018/1602. The tariffs for stone fruit remain unchanged compared to the levels of 2018 and are on page 97 for cherries, peaches and nectarines. The United States tends to sell high quality products at higher prices, which typically do not face additional duties.

II. Russian ban on agricultural products

On August 7, 2014, the Russian government implemented a ban for one year on a range of agricultural and food products, including stone fruit, from the United States, the European Union (EU), Canada, Australia, and Norway, in response to U.S. and EU sanctions over Russian actions in Ukraine. Rather than allow the ban to expire, Russia opted to extend it. On June 24, 2019, President Putin signed decree No. 293 extending Russia's ban on the import of agricultural products from the countries that applied economic sanctions against Russia, until the end of 2020 (see GAIN RS1907).

The CMO rules (see Regulation 1308/2013 in part I) provide various market management tools to stabilize markets and the Commission is empowered under the reformed CAP to take "exceptional measures" in case of market disruption. As such, the Commission introduced specific market support measures for the European fruit and vegetable sector since the start of the ban in 2014 until 2017. The last emergency measures for fruit and vegetables were phased out on June 30, 2018.

Please find more information on the Commission's response to the Russian ban here: http://ec.europa.eu/agriculture/russian-import-ban/index_en.htm

III. French ban of dimethoate on cherries

On April 18, 2019, the French Ministry of Agriculture published its fourth decree to reinstate the 2016 ban on dimethoate prohibiting imports of fresh cherries (with the exception of organic cherries) from EU Member States or other countries where dimethoate can be legally used on cherry trees. The ban will continue until April 17, 2020. Growers use dimethoate to fight Drosphila suzukii, an Asian fruit fly that causes considerable damages in cherry orchards. France suspects it to be dangerous to human health. France imports roughly one fifth of its consumption, the bulk coming from EU countries including some (such as Spain, Italy and Spain) that have already banned dimethoate. The French prohibition suspends imports of cherries from the United States since 2016, valued at around $1 million annually. For more information, see GAIN FR1916 France continues ban on U.S. cherries over dimethoate use.