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CLASSIFICATION: UNCLASSIFIED USDA NOT OFFICIAL DATA

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AGR Number: IT8002

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Approved By: E Berry  
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KIWIFRUIT REPORT  
    General Summary

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Italian kiwi production for the 1997/98 marketing year is forecast at only 220,000 MT. This represents a 30 % drop from the last year and is due to severe frosts in the spring of 1997. The poor weather conditions affected most of the growing area with yields dropping as much as 40-50%. Fruit quality, however, was good with the

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lower yield resulting in larger fruit. Domestic wholesale prices (Oct 97-Jan 98) averaged the equivalent of US Dollars 1.20-1.40/kg compared to \$1.04 for the entire 1996/97 marketing year.

The resulting poor supply and higher prices have affected all parts of the kiwi sector. Consumption will drop a projected 15% and exports are forecast to drop 30%, to 180,000 MT.

The low supply is expected to result in an increase of imports, with 30,000 MT forecast for 1997/98. The short Italian crop could also result in demand for U.S. kiwis in Italy's traditional Western European markets, depending on their price competitiveness with other origins.

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 Kiwifruit

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Global Economic Data Exchange System

Commodity: Kiwifruit (0579500) (HECTARES) (METRIC TONS)

Beg. Month/Year of Marketing Year:    10 / 95                      10 / 96                      10 / 97

ITALY	Revised 1995		Prelim 1996		Forecast 1997	
	Old	New	Old	New	Old	New
Bearing Area	19500	19500	19500	19500	0	19500
Non-Bearing Area	0	0	0	0	0	0
TOTAL Area Planted	19500	19500	19500	19500	0	19500
TOTAL Area Harvested	19000	19000	19000	19000	0	19500
TOTAL Production	290000	290000	330000	320000	0	220000
Imports	21000	21000	20000	20000	0	30000
TOTAL SUPPLY	311000	311000	350000	340000	0	250000
Exports	216000	216000	230000	257000	0	180000
Domestic Consumption	95000	95000	120000	83000	0	70000
TOTAL DISTRIBUTION	311000	311000	350000	340000	0	250000

### COMMODITY OUTLOOK, PRODUCTION

#### +SUBSECTION+ GENERAL

Italian kiwifruit output for the 1997/98 marketing year is preliminarily set at 220,000 metric tons. CIK (the Italian Kiwi Consortium) accounts for approximately 70 percent of the Italian kiwi market. We opted to use CIK figures as a basis for our estimates, rather than ISTAT data (the National Statistical Institute), because CIK statistics generally are believed to be the most accurate for kiwi fruit stored after harvesting. However, we estimated production at 10-15 percent higher than CIK (whose estimate was 200,000 MT), because CIK does not include kiwis sold at the farm or low quality fruit, which does not enter regular markets, but is sold elsewhere or lost after harvesting.

The dramatic drop in Italian kiwi output is due to very unfavorable weather conditions in the early stages of production. Severe frost during spring 97 affected kiwi crops in all Northern

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Italian regions and part of Central Italy. The Lazio region was the only major kiwi producing area not affected by the frost. In Lazio, kiwi planted area accounts for 6,000 hectares or 30% of total area. In the Emilia-Romagna region (4,500 ha) and the Piedmont region (3,000 ha), the areas most affected by the frost, kiwifruit output is reported to be 40-50 percent below 1996 levels. Production for 1998, barring additional weather problems, should return to normal. The 3-5 year outlook for the sector suggests that Italian kiwi production is likely to remain stable at average levels of around 300,000 tons.

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Kiwifruit

COMMODITY OUTLOOK, PRODUCTION

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The harvesting season in Italy is October-November. Kiwifruit generally is held in cooperative cold storage facilities at controlled temperatures, and usually it is kept separate from other fruit because it is so perishable. Almost all of Italy's kiwi crop (95 percent) is comprised of the Haiward variety.

Italian kiwifruit planted area remains stable at just below 20,000 hectares whereas the average domestic yield dropped to about 11 tons per hectare due to adverse weather conditions. However, as discussed above, 1997 yields varied greatly from one area to another.

+SUBSECTION+QUALITY

In 1997/98, Italian kiwi quality was quite good. In fact, the lower kiwifruit production resulted, on average, in larger fruit.

CONSUMPTION

For 1997/98, Italian kiwi consumption is reported at low levels due to relatively high prices. During regular marketing years average per capita consumption is 1.8-2.0 Kg. In 1997/98 it will be about 1.2 Kg. Almost all kiwis are sold on the fresh fruit market because kiwis do not lend themselves to further processing. However, small quantities (1.5%) are used by confectioners and frozen fruit juice manufacturers.

PRICES

Wholesale prices for kiwis during the 1997/98 marketing year averaged 2,450 Lire per kg (1.40 US Dollars) in October-November, and 2,150 Lire/kg (1.20 cents/Kg) beginning in late November 1997, when domestic production started to be marketed. On-farm prices during the harvesting season (October-November 1997) averaged at 1250 Lire per Kg (70 cents/Kg).

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KIWIFRUIT REPORT

Kiwifruit

TRADE

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As mentioned in the 1997 annual report, Italian kiwifruit exports increased significantly during the 1996/97 marketing year due to a large output and consequent competitive prices. During the 1996/97 marketing year, Italian kiwi exports reached a high of 257,000 MT, or 80% of domestic production. Approximately 72% of the exports were destined for other EU countries, mainly Germany, which accounts for 30% of total exports. Historic trade matrixes are provided back through 1995/96, the first year Italy was required to write a kiwi report.

During the 1997/98 marketing year the situation has changed significantly (low output and high prices), and Italian exports will decline sharply. Exports are estimated at 180,000 MT or almost 82% of total production. Italian kiwifruit imports, are normally around 20,000 tons per year, mostly from Chile and New Zealand. However, for 1997/98 an import increase to 30,000 MT is foreseen due to the drop in domestic output.

### MARKETING

The shortfall in domestically produced kiwifruits is affecting international markets in a number of ways.

First of all, higher domestic prices favored New Zealand kiwis during the first part of marketing year (October-November 1997). In fact, during normal years the price of New Zealand kiwi is much higher than the price of Italian kiwis (New Zealand kiwis' retail price averages around 3,000 Lire/Kg(1.66 US dollars). In spring 1998, kiwis from Chile probably be well positioned to will take advantage of the short Italian supply as well.

On the European market, a decline in kiwi supply is forecast due to the drop in Italian kiwi exports. However, good opportunities for US kiwi exports are predicted depending on price competitiveness.

According to EU regulations, kiwis cannot be marketed before November 15, unless they are being exported overseas in which case they can be shipped as of November 1. The Brix level (sugar content) must be at least 9.5 degrees. However, it can be 6.2 degrees for kiwis exported overseas.

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Kiwifruit

MARKETING

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Some Italian regions have established quality standards for kiwis. Kiwis found to be in conformity with these standards are

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distinguished by a quality label put on the package and, in some cases, on the fruit itself.

Market promotion programs in Italy are usually established individually by each private company. In many other producing countries these kind of programs are conducted by producers' or/and trader associations. Market promotion activities are most frequently targeted at traders and distribution chains, and include the provision of quality and nutritional information, additional services and price incentives.

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### Prices Table

KIWIFRUIT REPORT (48001) for ITALY 1998

Kiwifruit

Average Monthly Price for an Indicative Market

Prices in Lire	Average Monthly Price for an Indicative Market											
	(currency) Per kg (unit of measure)											
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	1661	1684	1704	1817	2151	2581	2650	0	0	2706	2180	2292
1998	2000	0	0	0	0	0	0	0	0	0	0	0
%CNG	20	0	0	0	0	0	0	0	0	0	0	0

### Source & Contract Terms:

ISMEA Wholesale prices, first quality

Exchange Rate (Local Currency/US \$): 1780                      Date of Quote: 01/12/98 MM/DD/YY

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### Trade Matrix

Kiwifruit

Units: MT

Exports for 1995 to:		Imports for 1995 from:	
-U.S. ....		-U.S. ....	
-Other		-Other	
X Germany	65,588	x France	160
x Spain	29,731	X Belgium-Lux	4,376
X France	10,270	X Netherland	600
x Netherland	15,109	X Greece	24
X U.K.	9,957	Total EU	5,163
X Belgium-Lux	5,478	Chile	10,933
Total EU	158,947	New Zealand	5,005

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Austria	8,755		
Sweden	4,114		
Switzerland	5,602		
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Total of Others	177,418	Total of Others	21,101
Others not listed		Others not listed	
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Grand Total	177,418	Grand Total	21,101

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Trade Matrix  
 Kiwifruit

Units: Metric tons

Exports for 1996 to:		Imports for 1996 from:	
-U.S. ....	3,856	-U.S. ....	
-Other		-Other	
x Germany	65,649	x France	298
x Spain	27,014	x Belgium-Lux	4,962
x France	9,292	x Netherlands	1,786
x Netherlands	15,932	x Spain	185
x U.K.	9,656	x Greece	26
x Belgium-Lux	5,382	Total EU	7,338
x Austria	9,961	Chile	10,352
x Sweden	5,161	New Zealand	5,325
Total EU	157,981		
Poland	12,192		
	-----		-----
Total of Others	170,173	Total of Others	23,015
Others not listed	45,303	Others not listed	251
	-----		-----
Grand Total	219,332	Grand Total	23,266

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