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 KIWIFRUIT REPORT
 General Summary

Marketing year 1996/97 Portuguese kiwifruit production is estimated at 10,498 MT, 20 percent above 1995/96 production levels. The increase is mainly due to the fact that most of the orchards are now in full production. However, unfavorable weather conditions did affect 1996/97 production as regards quality, coloration and fruit size. Area planted for 1996/97 is estimated at 1,050 HA, slightly below 1995/96. Although kiwis have proven to be particularly well adapted to climatic conditions in Portugal, output is expected to continue to decline as farmer interest dwindles in what was once considered one of the country's most economically viable crops. As a result of this lack of interest, Portuguese kiwifruit production for 1997/98 is forecast to drop to about 9,000 MT.

Domestic kiwi consumption during 1996/97 was 18,009 MT, about the same level as the previous year. No significant change in consumption is anticipated for 1997/98.

In 1996/97, kiwifruit imports are estimated to have been 8,425 MT,

slightly below 1995/96 levels. The Portuguese import market is dominated by EU suppliers, with Italy (2,454 MT), Spain (1,082 MT) and Germany (936) being the dominant suppliers in 1996/97 competing with Chile (2,475 MT). In 1997/98, total imports are expected to be similar to 1996/97.

Unfortunately, due to greater availability and stiff competition from EU suppliers, marketing prospects for US kiwifruit are not promising.

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 Kiwifruit

Global Economic Data Exchange System

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

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

PORTUGAL	Revised 1995		Prelim 1996		Forecast 1997	
	Old	New	Old	New	Old	New
Bearing Area	1067	1067	1045	1050	0	1100
Non-Bearing Area	20	20	5	8	0	10
TOTAL Area Planted	1087	1087	1050	1058	0	1110
TOTAL Area Harvested	1067	1067	1045	1050	0	1100
TOTAL Production	8806	8806	8500	10498	0	9000
Imports	9070	9070	9100	8425	0	9000
TOTAL SUPPLY	17876	17876	17600	18923	0	18000
Exports	284	284	250	914	0	750
Domestic Consumption	17592	17592	17350	18009	0	17250
TOTAL DISTRIBUTION	17876	17876	17600	18923	0	18000

Production

The 1996/97 Portuguese kiwifruit production is estimated at 10,498 MT, 20 percent above 1995/96 production levels. The increase is mainly due to the fact that most of the orchards are now in full production. However, production quality was affected by poorer growing conditions and the growing tendency of farmers to neglect the management of their orchards. Production areas were negatively affected by poor pollination during the blooming season due to strong winds, frost and above all, a reduced number of hours of cold weather. Reportedly, fruit quality, coloration and size are considered below normal standards. Farmers are faced with low production prices and stiff competition from other EU countries, mainly Italy and Spain and also from Chile. As a result, 1997/98 production is forecast to drop to about 9,000 MT, although bearing area is expected to increase to 1,100 HA due to the fact that some of the orchards are now starting its full production. Reportedly, farmers with small orchards have been replacing them with other more viable crops. In the long run, further area expansions are not anticipated due to price competition from other EU countries and because consumers now have a wider choice of other tropical and semi-tropical fruits.

Domestic kiwi output between 1989 (earliest available data) and 1996 are indicated below, together with Post forecasts for 1997.

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 Kiwifruit
 Production

PORTUGUESE KIWI PRODUCTION

Year	1989	1990	1991	1992	1993	1994	1995	1996	1997*
=====									

Output (mt)	2660	2500	5000	10000	10088	9191	8806	10498	9000

Area (ha)	705	850	1020	1050	1059	1105	1087	1058	1110

Source: National Statistics Institute (INE)

* Preliminary

Production is regionally concentrated in the Northern "Entre-Douro-e-Minho" region. All kiwi orchards are irrigated via artificial systems, and there are no reports of water shortages. Virtually all kiwifruit production in Portugal is controlled by 5 companies with a market quota of about 6,000-7,000 MT. The dominant kiwifruit variety produced in Portugal is "Hayward", which accounts for 90 percent of total kiwifruit production. Hayward is preferred for its disease and weather resistance and for its good marketing qualities. Kiwifruit harvesting takes place between October and early November. Vine density averages 400 vines/ha (females) on a normal density crop and 670 vines/ha (females) on a high density crop. There are currently no phytosanitary problems with kiwifruit owing to the crop's recent introduction into the country. However, if some farmers continue to neglect their orchards, some phytosanitary problems may occur.

Producer prices have been on a downward trend since 1989 when they peaked at an average of 300 esc/kg. Prices in 1996 averaged about 80 esc/kg, and in 1997/98, prices are expected to average about 85 esc/kg depending on competition from other EU exporting countries.

Consumption

Domestic kiwi consumption had been trending upward in recent years, stimulated mainly by declining retail prices and increasing popularity. However, consumption appears to have peaked recently, and no growth is expected in 1997/98. Peak consumption generally takes place during Dec-April, and declines steadily between May and August when other fresh fruits are available in the local market. Retail prices currently range between 150-300 escudos per kg, well below the average retail price peak of 600 escudos in the late 1980's. National kiwifruit stocks vary, but generally peak in November after the harvest of the new crop. Stocks decline steadily throughout the Winter and Summer months, and are practically depleted by September. Portuguese kiwifruit storage capacity is of about 12,000-13,000 MT in 1996/97.

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Kiwifruit

Trade

In 1996 imports declined by about 8 percent to 8,425 MT, due to higher import prices which averaged 185 esc/kg. For 1997/98, imports are forecast to remain around 9,000 tons.

The Portuguese import market is dominated by EU suppliers, with Italy (2,454 MT), Spain (1,082 MT) and Germany (936) being the leading suppliers in 1996, competing with Chile (2,475 MT), which alone accounts for 29 percent of total imports. New Zealand kiwis are also sold in the Portuguese market. However, kiwi traders report that they are not able to import directly from New Zealand as New Zealand exporters only sell to "specific" importers in Europe who are then the sole distributor of New Zealand kiwis around Europe. Therefore, Portuguese importers must purchase New Zealand kiwis in Belgium, Germany and Spain, which for statistical purposes, are considered EU kiwis when entering Portugal.

Portuguese kiwifruit exports increased slightly to 914 MT in 1996.

Trade Matrix
Kiwifruit

Units: Metric Tons

Exports for 1996 to:		Imports for 1996 from:	
-U.S.		-U.S.	
-Other		-Other	
Spain	597	Italy	2,454
Netherlands	43	Spain	1,082
Cape Verde	7	Germany	936
Angola	3	Belg-Luxemburg	688
Canada	38	France	480
Brazil	225	Netherlands	239
Other	1	Greece	49
		United Kingdom	22
		Chile	2,475
-----		-----	
Total of Others	914	Total of Others	8,425
Others not listed		Others not listed	
-----		-----	
Grand Total	914	Grand Total	8,425

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Total imports and exports during 1995, 1996 and available data for 1997 are indicated below.

PORTUGUESE KIWI TRADE

IMPORTS	1995			1996			1997 (Jan-Ago)		
	m.t.	value	esc/kg	m.t.	value	esc/kg	m.t.	value	esc/kg
		(*)			(*)			(*)	
France	360	60263	167	480	70023	146	39	11803	303
Belg-Lux	1300	396534	305	688	238543	347	596	178871	300
Netherland	752	134408	179	239	47490	199	85	16897	199
Germany	1135	226784	200	936	202679	217	311	48690	157
Italy	3653	529699	145	2454	378802	154	2517	387868	154
Spain	981	169884	173	1082	197284	182	1172	222052	189
U.Kingdom	0	0	0	22	3888	177	0	0	0
Greece	0	0	0	49	6362	130	0	0	0

Intra-EU	8181	1517572	185	5950	1145071	193	4720	866181	184

Chile	889	137462	155	2475	410000	166	1203	217365	181
Brazil	0	0	0	0	0	0	8	452	57

3rd Country	889	137462	155	2475	410000	166	1211	217817	180

TOTAL	9070	1655034	182	8425	1555071	185	5931	1083998	183

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EXPORTS

	1995		1996		1997 (Jan/Ago)	
	m.t.	value	esc/kg	m.t.	value	esc/kg

		(*)			(*)			(*)	
Spain	112	17048	152	597	71437	120	49	10021	205
Germany	12	3178	265	0	0	0	25	4391	176
Netherlands	21	2907	138	43	12359	287	0	0	0
U.Kingdom	9	897	100	0	0	0	0	0	0
France	0	0	0	0	0	0	54	2351	44
Intra-EU	154	24030	156	640	83796	131	128	16763	131
Brazil	88	12868	146	225	31119	138	19	3357	177
Cape Verde	8	2446	306	7	1746	249	7	1601	229
Venezuela	5	864	173	0	0	0	0	0	0
Angola	7	2184	312	3	798	266	1	242	242
Canada	20	955	48	38	1905	50	0	0	0
Mauritania	0	0	0	0	0	0	7	1441	206
Other	2	532	266	1	243	243	0	0	0
3rd Country	128	19849	155	274	35811	131	34	6641	195
TOTAL	284	43879	155	914	119607	131	162	23404	145

SOURCE: National Statistics Institute.

(*) 1,000 esc.

US\$1 averaged PE 150 in 1995, PE 154 in 1996 and PE 175 in 1997. Current exchange rate is PE 185.

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KIWIFRUIT REPORT

Kiwifruit

Marketing

Market opportunities for the U.S. are less than promising owing to the domestic and EU kiwifruit supplies and strong competition from the EU kiwifruit industry.

The bulk of domestic kiwifruit production is marketed through five companies (Frutas Douro ao Minho, Sokiwi, Kiwisol, Kiwi-Iberica and Kiwicoop). They primarily act as the main distributors of domestic production, dealing directly with retailers, wholesalers and importers, establishing prices in accordance with supply and demand. Together, these five companies have a market quota of about 6,000-7,000 MT of total production.

In addition, kiwis are also sold at the wholesale markets directly by producers and wholesalers. As is the case with other consumer food items, kiwi retailing is being increasingly dominated by the super and hypermarkets, which are estimated to account for almost 60 percent of all kiwifruit sold in Portugal.

Policy

EU kiwifruit production policy consists mainly of investment incentives and support for infrastructure improvements. New fruit orchards may benefit from a direct subsidy as follows: for orchards up to 10 ha, producers are eligible to receive 80 thousand escudos/ha/year during an initial period of three years after start up, while orchards between 10 ha and 20 ha are eligible for 40 thousand escudos/ha/year for the same period. The Portuguese government provides financial incentives for processors and marketing organizations to build or modernize production units, upgrade, certify, and control product quality, or improve marketing.

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