World Pear Situation:
Driven by Growing Output in China
Global Production Continues to Increase

SUMMARY

Combined pear production in major producing countries in 2002/03 is estimated to increase for the seventh consecutive season and reach a record 14.2 million tons. A large crop in China accounts for much of the increase in world pear production this season. Bigger pear crops are also estimated in some other top producers, such as Italy, Turkey, and South Africa. On the other hand, U.S. pear production will decrease this season and could be the smallest harvest since 1996/97.

World pear exports in 2002/03 are estimated at 1.6 million tons, a record. In the Northern Hemisphere, more exports are anticipated from China and from some countries of the EU. Increased supplies of good-quality fruits and devalued currencies vis-à-vis the U.S. dollar will drive shipments up this season from the two largest exporters in the Southern Hemisphere, Argentina and Chile. U.S. pear exports in 2002/03, conversely, will likely decline for the first time in three seasons.

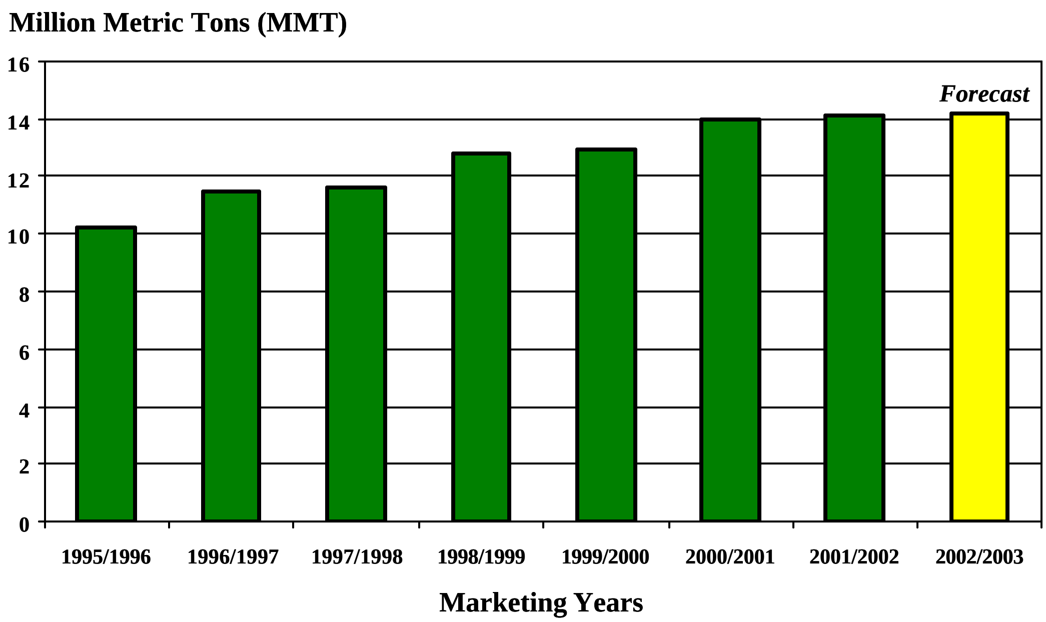
PRODUCTION

China's pear industry, the world's largest, is a major force behind expected 2002/03 world record output

China's pear production in 2002/03 is expected to remain at last year's large level of 8.8 million tons, the result of increasing plantings of non-traditional varieties. Moreover, land that was devoted to grains is now being switched to pear production. The trend is part of China's government's efforts to improve quality, food safety, and production techniques in the domestic fruit industries. The Chinese policies are basically aimed at improving the economic situation of farmers, as well as increasing the supply of fruits during China's off-season. As a result, pear production volume and quality keep improving in China.

For many years, China's pear industry has struggled with low prices, as have most other fruit industries in the country. The decreasing value of China's pear crop, combined with little government financial support, has kept incomes very low and created financial stress among Chinese pear farmers. To improve this situation, the government of China is seeking adjustments in the fruit industry, including improvement in fruit quality and more diversification of varieties planted. As researchers develop grafted and crossbred varieties, and introduce imported seedlings or cuttings, China's variety of pears continues to expand. In addition to boosting more diversification and increasing the supply of domestic fruits during the year, China also intends to enhance demand for Chinese apples in world markets and produce fruits with alternative uses among the processing industries.

World Pear Production to Increase for the Seventh Consecutive Season



Source: USDA Agricultural Attache Reports and the U.S. National Agricultural Statistics Service.

A larger pear crop in Italy boosted larger production in the EU

Combined pear production in countries of the European Union (EU) is expected to increase to nearly 2.3 million tons in 2002/03. Production in Italy, the top producer in the EU, is now estimated at 900,000 tons, 8 percent above last season's crop. However, a large portion of the harvest is likely to be of lower quality fruit, mainly due to damage caused by hail in the spring.

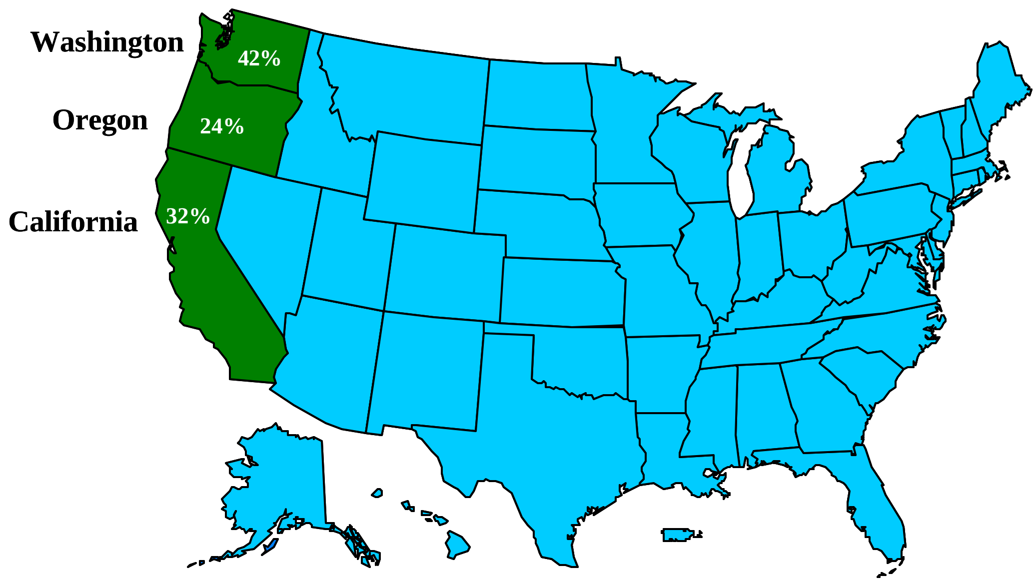
In Italy, lower quality fruits are generally directed to the processing sector, with the remaining volume going to the domestic fresh market. This season, Italian consumption of fresh pears is expected to increase, as larger supplies of low-quality inexpensive fruits become available. Italian fruit consumption is generally driven by supplies and prevailing prices. Given the wide range of fruit available in Italy, consumption of certain fruits responds quickly to price changes.

U.S. pear crop in 2002/03 could be the smallest in 7 seasons

U.S. pear production, in contrast, will be mostly hampered by a decreasing trend in acreage of Bartlett pears. Estimated at 830,000 tons in 2002/03, U.S. pear production could be the smallest since 1996/97, when production totaled barely 745,000 tons. The reduced acreage of Bartlett varieties responds mainly to the financial problems the U.S. processing industries, mostly from the west coast, have been facing in recent years. Continuing low prices in the domestic market as well as ample supplies of lowered-priced imported canned fruit have been hampering the profits of U.S. canneries. On the other hand, these problems have prompted more diversion of

Bartlett pears into the fresh market, which has helped U.S. pear sales domestically and, somewhat, abroad. Still, Bartlett varieties, which are used mostly for canning, account for more than half of the pears produced in the United States.

The Pacific Northwest and California Accounts for Nearly All of the Pears Produce in the United States



Source: USDA National Agricultural Statistics Service

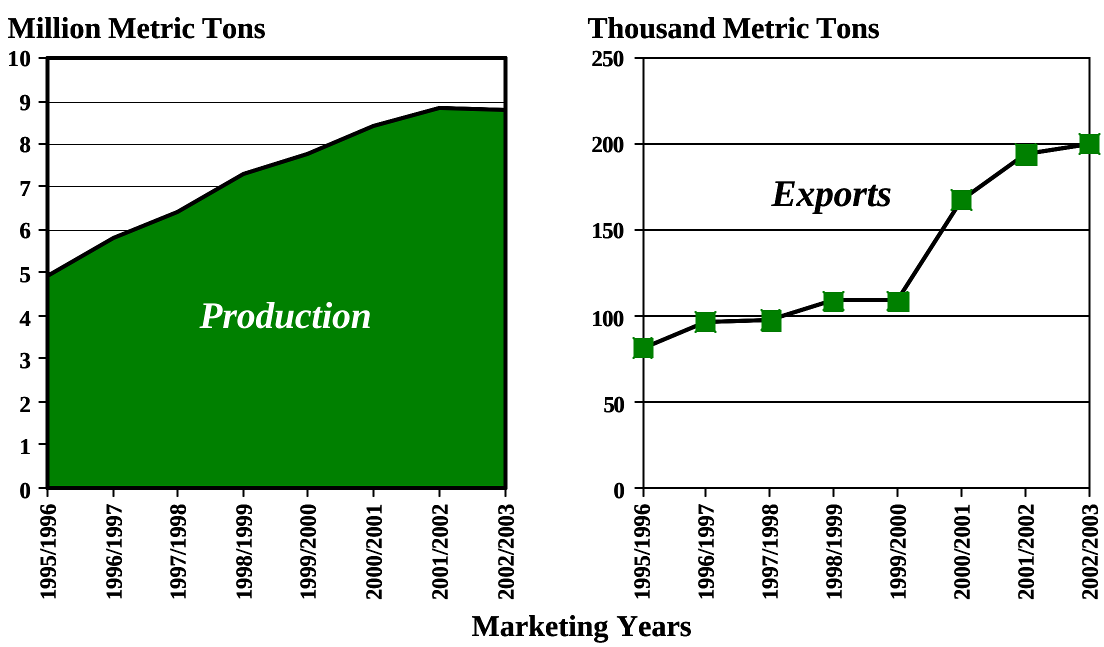
In the Southern Hemisphere, pear crops are also up

Combined pear production in selected countries of the Southern Hemisphere is expected to increase about 4 percent to 1.3 million tons. Encouraged by lower costs of production, farmers in Argentina and Chile are expanding pear acreage, and, as such, fruit output. Argentina and Chile account for more than 60 percent of the pears produced in the Southern Hemisphere and over 70 percent of its exports.

In Argentina, pear production costs are reported down by as much as 50 percent. Reduced costs of production are in part due to the continued devaluation of the Argentine peso, which has virtually stopped imports of production inputs, such as herbicides, fertilizers, and machinery. Imported inputs have been substituted by lowered-price domestic ones and by increased use of cheap local labor, which accounts for a large share of Argentina's production costs. However, many Argentine fruit growers continue to be heavily in debt. Since the debt situation for many farmers is serious, the government of Argentina decided to convert all dollar-denominated debt into pesos. This policy could slow down the acreage expansion trend, since credit in Argentina is expected to remain extremely limited for farm production.

A larger pear crop is also anticipated in Chile, the result of more planted acres coming into production. Chilean pear producers are having lower production costs and are continuing to diversify their orchards by planting different and more popular varieties. To date, there are more than 36 pear varieties grown in Chile. The Packham's Triumph variety, grown mainly for the fresh market, accounts for about 45 percent of Chile's annual pear crop. The Beurre Bosc variety makes up about 25 percent of Chile's pear production and exports.

China's Pear Production and Exports Continue to Expand



Source: USDA Agricultural Attache Report.

Increased producing acreage to boost pear production in South Africa

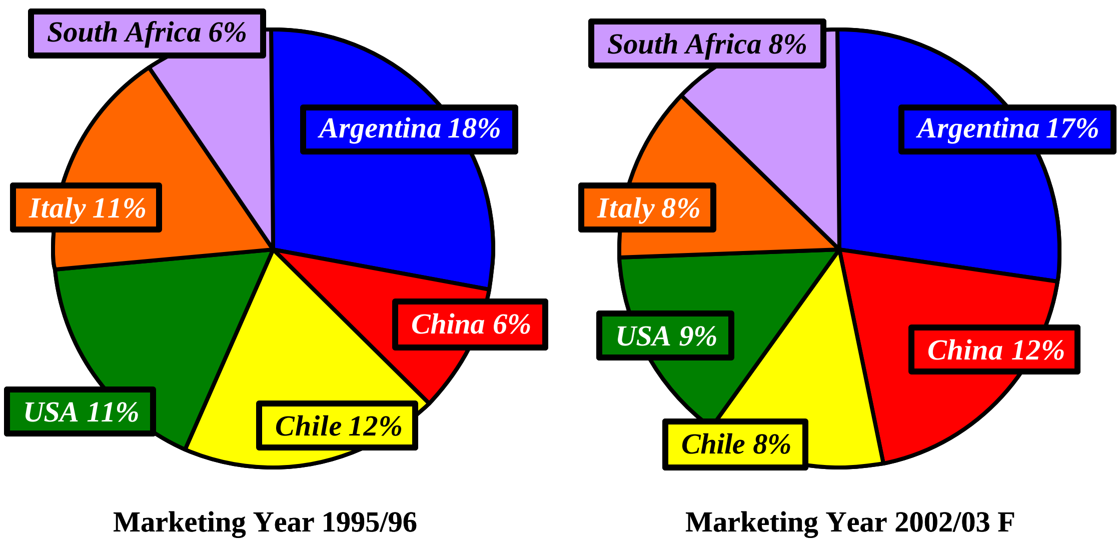
Continue expansion in South Africa's pear acreage will in part boost pear production in 2002/03. Improved management, increased harvested area, and favorable weather, will further advance pear production in South Africa this season. Similar to the ongoing situation with the domestic apple industry, export sales of South Africa's pears are facing fierce competition in global markets; especially from heavily subsidized competitors' industries. Pear growers in South Africa have requested government assistance to address their difficult situation.

TRADE

China's pear exports expanding as fruit quality and marketing technology improve

China's pear exports are expected to reach a record 200,000 tons in 2002/03, after jumping significantly in 2000/01 and 2001/02. Pear shipments from China have been largely boosted by improved fruit quality, the result of increased investments in controlled storage facilitates. These investments are financed by domestic, as well as foreign fruit processing and trading companies. The technology is allowing Chinese traders to store and maintain fruit quality for longer periods, improving pear export sale opportunities. As shipments expand, exports are becoming increasingly important to Chinese pear growers. Russia and Southeast Asia are the main destinations for most of China's pear exports, which are displacing some fruit shipments from other world suppliers.

China's Share of Global Pear Exports Is Expanding Rapidly



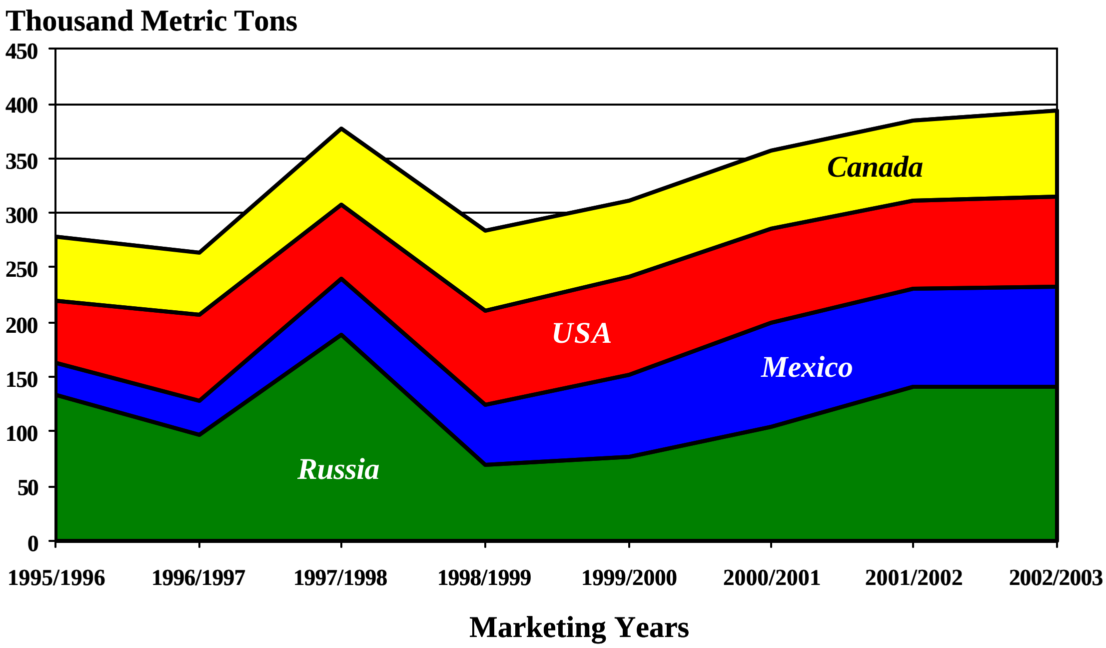
Source: USDA Agricultural Attache Reports and the U.S. Department of Commerce, Bureau of the Census

U.S. pear shipments likely down in 2002/03; Cuba could become bright spot for U.S. fruit exporters

U.S. exports of pears in 2002/03 are expected at 150,000 tons, the lowest volume in 3 seasons. Reduced supplies of exportable fruits and related higher prices will likely contribute to reduced U.S. pear shipments this season to important markets, including Mexico and Canada, the U.S. top customers. As of February 28, 2003, U.S. pear shipments to Mexico were down 4 percent, while exports to Canada were behind 18 percent.

Nevertheless, U.S. pears are likely to benefit from the growing potential in the Cuban market. In December 2002, a shipment of U.S. pears, valued at nearly $30,000, arrived in Cuba, making the first shipment to the island in more than 40 years. With no local pear production, Cuba could likely become an important customer for high-quality pears produced in the United States. However, to advance export sales, the Cuban government would have to develop policies aimed at strengthening the domestic economy. Refrigeration and distribution facilities would also need to be developed in Cuba for potential expanded U.S. pear sales.

Russia, Mexico, the United States, and Canada are the Single Largest Pear Importers;
Import Demand in Mexico Has Increased Dramatically



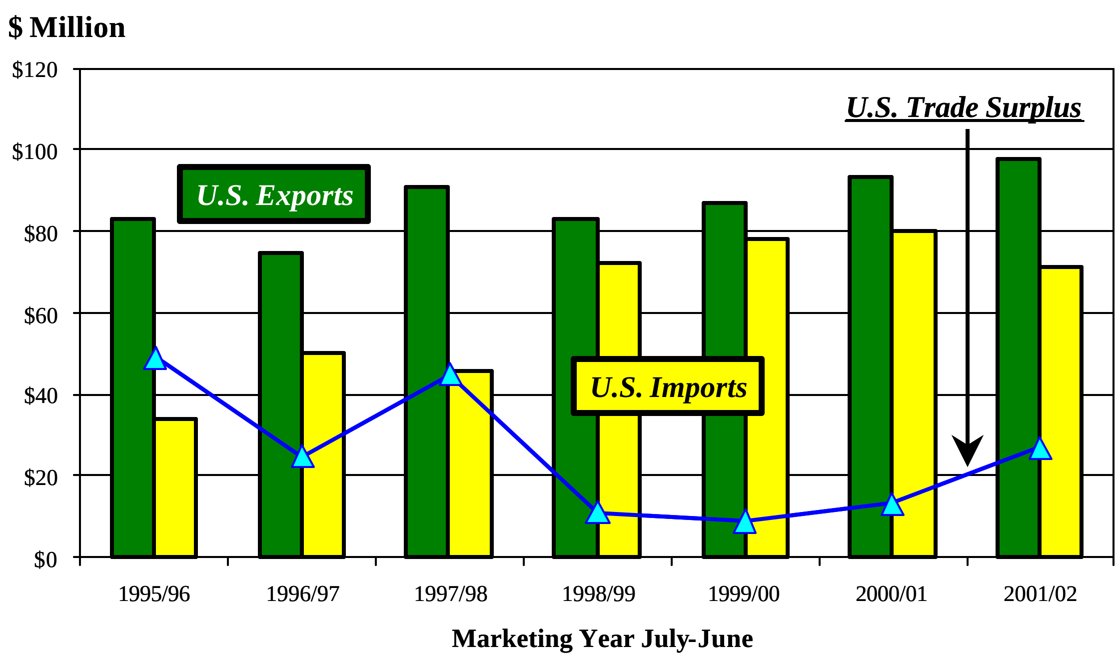
Source: USDA Agricultural Attache Reports and the U.S. National Agricultural Statistics Service.

Argentina and Chile; forces behind larger shipments from Southern Hemisphere countries in 2002/03

Argentina, the world's single largest pear exporter, is expected to increase export sales in 2002/03 to 270,000 tons, slightly above last season's shipments. Despite a government-implemented 5-percent export tax, Argentina's pear exports in 2002/03 are expected to continue strong, as a larger crop of good quality fruit and a devalued Argentine peso will likely make Argentina's pears more appealing in world markets. The EU is expected to continue to be the top destination for Argentine pear exports in 2002/03. Demand from other important customers, including Brazil, the single-largest destination, the United States, and Russia are also predicted to increase. Bartlett (known in Argentina as Williams) is the top variety exported, accounting for about 40 percent of Argentine annual pear shipments. APHIS maintains an export clearance program for pears destined to the United States, in cooperation with the Argentine government. Quality problems and plant health issues continue to be the major constraints for increased Argentine pear export sales.

Chile's pear exports in 2002/03 are expected to increase to nearly 130,000 tons. Strong demand in countries of the EU is expected to continue, due to lower stocks at the end of the European season. Increased demand in Latin America is also anticipated, mainly for lowered-quality pears. Exports to the United States are expected to increase as well, because of tight U.S. pear supplies this season. According to Chilean industry representatives, even though the Fresh Produce Exporter Association has been operating for only two years, the group is already showing signs of export effectiveness. Chile continues its promotional campaign in the United States, Japan, and the EU. In the United States, written media, TV, and radio are used for the promotions of Chilean fruit.

U.S. Trade Balance in Pears



Source: U.S. Department of Commerce, Bureau of the Census

(***For information on production and trade, contact Samuel Rosa at 202-720-6086. The FAS Attache Report search engine contains reports on deciduous fruit for more than 20 countries and can be found in the FAS home page at: http://www.fas.usda.gov. Also, visit our pear web page at: http://www.fas.usda.gov/htp/horticulture/pears/html***)

TABLE 2
U.S. PEAR EXPORTS
COMPLETE MARKETING YEARS 1997/98-2001/02
(JULY-JUNE)
METRIC TONS

	Country of Destination Destination	1997/98	1998/99	1999/00	2000/01	2001/02	Percent Changed
1	Mexico	48,220	52,321	73,173	85,095	81,448	-4%
2	Canada	50,150	41,668	48,073	45,367	48,997	8%
3	Netherlands	9,340	6,466	2,132	2,724	8,317	205%
4	Venezuela	3,439	2,824	5,283	5,982	7,125	19%
5	Sweden	7,796	4,283	3,040	3,747	3,723	-1%
6	Taiwan	4,323	4,039	3,799	3,572	3,486	-2%
7	United Arab Emirates	1,868	887	1,562	2,281	1,991	-13%
8	Colombia	1,506	1,321	2,079	1,109	1,936	75%
9	Brazil	17,506	10,381	4,058	7,120	1,726	-76%
10	Hong Kong	2,191	1,559	820	851	1,545	82%
11	Saudi Arabia	3,494	2,980	2,700	2,220	1,338	-40%
12	United Kingdom	1,271	1,095	423	422	1,307	210%
13	Israel	2,529	2,343	349	785	1,153	47%
14	Germany	476	298	391	326	970	198%
15	Singapore	1,186	751	513	695	970	40%
16	Costa Rica	713	549	416	878	892	2%
17	Panama	610	536	1,355	922	641	-30%
18	Guatemala	514	227	312	587	562	-4%
19	Dominican Republic	77	257	303	353	489	39%
20	Yemen	0	0	0	353	458	30%
21	Indonesia	292	51	158	128	414	223%
22	New Zealand	50	0	26	35	368	951%
23	Russian Federation	4,393	440	165	174	311	79%
24	El Salvador	33	52	88	194	294	52%
25	Ireland	185	160	62	172	294	71%
26	Bahrain	192	112	82	214	267	25%
27	Ecuador	165	92	63	18	246	1267%
28	Korea; Republic of	0	0	6	0	161	100%
29	Trinidad and Tobago	60	84	120	71	147	107%
30	Kuwait	151	198	170	124	103	-17%
31	China	0	19	0	0	90	100%
32	Malaysia	141	38	0	37	89	141%
33	Peru	99	174	42	14	74	429%
34	Iceland	262	254	194	0	67	100%
35	Bahamas; The	125	31	3	4	67	1575%
36	Japan	200	292	91	92	64	-30%
37	Honduras	93	120	166	29	40	38%
38	Thailand	44	0	0	0	35	100%
39	Philippines	0	108	73	11	25	127%
40	Niger	0	0	0	0	22	100%
	Others	1,177	1,272	980	841	62	-93%
	Grand Total	**164,871**	**138,282**	**153,270**	**167,547**	**172,314**	**3%**

Source: U.S. Bureau of the Census

TABLE 3
U.S. PEAR IMPORTS
COMPLETE MARKETING YEARS 1997/98-2001/02
(JULY-JUNE)
METRIC TONS

	Country of Destination Destination	1997/98	1998/99	1999/00	2000/01	2001/02	Percent Changed
1	Argentina	33,591	38,129	48,619	42,244	41,384	-2%
2	Chile	23,321	33,552	25,031	25,774	18,804	-27%
3	China	20	1,147	2,789	6,506	7,448	14%
4	South Korea	920	1,586	2,996	5,827	6,283	8%
5	New Zealand	3,881	4,462	5,282	2,417	4,834	100%
6	South Africa	5,020	6,271	4,456	1,499	466	-69%
7	Japan	303	491	539	352	378	7%
8	Canada	771	559	546	400	141	-65%
9	Bolivia	0	0	0	0	5	100%
11	Dominican Republic	0	0	4	0	0	0%
12	Italy	0	195	0	0	0	0%
13	Mexico	37	32	0	0	0	0%
14	Netherlands	0	0	1	0	0	0%
16	Spain	0	0	0	75	0	-100%
	Grand Total	67,864	86,424	90,263	85,094	79,743	-6%

Source: U.S. Bureau of the Census

TABLE 1
PEARS: PRODUCTION, SUPPLY, AND DISTRIBUTION IN SELECTED COUNTRIES
(METRIC TONS)

Country/ Marketing Year	Production	Imports	Supply/ Utilization	Exports	Fresh Domestic Consumption	Processed	Withdrawals
NORTHERN HEMISPHERE COUNTRIES							
European Union (EU)							
Belgium-Luxembourg							
1999/2000	165,220	66,425	231,645	171,205	45,610	14,000	830
2000/2001	183,059	63,957	247,016	195,194	45,471	2,500	3,851
2001/2002	89,676	85,766	175,442	132,441	40,419	2,300	282
2002/2003 F	172,185	65,000	237,185	185,000	45,185	2,500	4,500
France							
1999/2000	267,000	101,000	368,000	39,000	279,000	45,000	5,000
2000/2001	258,000	105,000	363,000	35,000	278,000	45,000	5,000
2001/2002	247,000	91,600	338,600	45,400	245,600	45,000	2,600
2002/2003 F	257,000	98,000	355,000	50,000	255,000	45,000	5,000
Germany							
1999/2000	54,042	167,770	221,812	8,754	211,892	1,163	3
2000/2001	65,162	150,754	215,916	10,654	203,036	2,184	42
2001/2002	46,823	159,758	206,581	10,164	195,155	1,262	0
2002/2003 F	55,000	154,000	209,000	10,500	197,000	1,500	0
Greece							
1999/2000	66,000	17,000	83,000	1,400	72,950	8,400	250
2000/2001	60,000	14,000	74,000	1,000	64,750	8,000	250
2001/2002	55,000	15,000	70,000	1,000	60,800	8,000	200
2002/2003 F	25,000	29,000	54,000	650	44,500	8,500	350
Italy							
1999/2000	784,000	115,000	899,000	123,000	688,000	80,000	8,000
2000/2001	940,000	94,000	1,034,000	138,000	776,000	110,000	10,000
2001/2002	840,000	130,000	970,000	131,000	749,000	90,000	0
2002/2003 F	905,000	100,000	1,005,000	135,000	765,000	105,000	0
Netherlands							
1999/2000	135,000	126,428	261,428	174,855	76,941	9,632	0
2000/2001	195,000	130,642	325,642	190,000	130,142	5,500	0
2001/2002	70,000	132,899	202,899	90,000	108,899	4,000	0
2002/2003 F	155,000	134,000	289,000	170,000	114,500	4,500	0
Spain							
1999/2000	682,500	24,500	707,000	138,000	499,000	40,000	30,000
2000/2001	595,000	43,000	638,000	103,000	470,000	43,800	21,200
2001/2002	719,000	22,500	741,500	193,300	478,200	45,000	25,000
2002/2003 F	626,900	30,000	656,900	116,800	480,100	40,000	20,000
Sweden							
1999/2000	12,771	31,684	44,455	129	44,326	0	0
2000/2001	13,375	27,449	40,824	256	40,568	0	0
2001/2002	12,098	28,317	40,415	404	40,011	0	0
2002/2003 F	15,700	30,000	45,700	300	45,400	0	0
United Kingdom							
1999/2000	18,052	133,000	151,052	2,500	148,052	400	100
2000/2001	34,031	119,624	153,655	3,280	149,875	400	100
2001/2002	34,970	99,100	134,070	3,800	129,870	400	0
2002/2003 F	34,500	120,000	154,500	3,000	151,000	500	0

continued

TABLE 1
PEARS: PRODUCTION, SUPPLY, AND DISTRIBUTION IN SELECTED COUNTRIES
(METRIC TONS)

Country/ Marketing Year	Production	Imports	Supply/ Utilization	Exports	Fresh Domestic Consumption	Processed	Withdrawals
Sub-Total EU							
1999/2000	2,184,585	782,807	2,967,392	658,843	2,065,771	198,595	44,183
2000/2001	2,343,627	748,426	3,092,053	676,384	2,157,842	217,384	40,443
2001/2002	2,114,567	764,940	2,879,507	607,509	2,047,954	195,962	28,082
2002/2003 F	2,246,285	760,000	3,006,285	671,250	2,097,685	207,500	29,850
OTHER NORTHERN HEMISPHERE COUNTRIES							
Canada							
1999/2000	17,419	70,670	88,089	779	82,610	4,700	0
2000/2001	15,072	72,009	87,081	465	82,116	4,500	0
2001/2002	17,000	75,000	92,000	500	86,900	4,600	0
2002/2003 F	17,500	77,000	94,500	500	89,000	5,000	0
China							
1999/2000	7,742,331	9,750	7,752,081	109,004	7,186,277	456,800	0
2000/2001	8,400,000	620	8,400,620	167,527	7,813,093	420,000	0
2001/2002	8,820,000	664	8,820,664	193,903	8,185,761	441,000	0
2002/2003 F	8,800,000	655	8,800,655	200,000	8,159,655	441,000	0
Japan							
1999/2000	415,700	309	416,009	4,169	411,340	500	0
2000/2001	423,800	576	424,376	3,191	420,685	500	0
2001/2002	397,000	907	397,907	2,821	394,586	500	0
2002/2003 F	426,300	700	427,000	3,000	423,500	500	0
Mexico							
1999/2000	33,352	74,158	107,510	0	105,510	2,000	0
2000/2001	31,280	95,513	126,793	0	124,793	2,000	0
2001/2002	32,968	89,436	122,404	0	120,404	2,000	0
2002/2003 F	33,500	89,500	123,000	0	121,000	2,000	0
Russia							
1999/2000	136,600	77,430	214,030	80	162,000	51,000	950
2000/2001	190,400	104,985	295,385	155	229,665	60,400	5,165
2001/2002	226,000	141,060	367,060	110	287,650	72,100	7,200
2002/2003 F	226,000	142,000	368,000	200	290,000	73,000	4,800
Turkey							
1999/2000	360,000	151	360,151	12,204	329,947	18,000	0
2000/2001	380,000	118	380,118	11,707	349,411	19,000	0
2001/2002	360,000	10	360,010	17,000	325,010	18,000	0
2002/2003 F	375,000	0	375,000	20,000	336,500	18,500	0
United States							
1999/2000	921,247	90,263	1,011,510	153,270	425,276	432,964	0
2000/2001	877,385	85,094	962,479	167,547	430,207	364,725	0
2001/2002	908,801	79,743	988,544	172,314	434,205	382,025	0
2002/2003 F	830,000	85,000	915,000	150,000	410,000	355,000	0
Sub-Total Other Northern Hemisphere							
1999/2000	9,626,649	322,731	9,949,380	279,506	8,702,960	965,964	950
2000/2001	10,317,937	358,915	10,676,852	350,592	9,449,970	871,125	5,165
2001/2002	10,761,769	386,820	11,148,589	386,648	9,834,516	920,225	7,200
2002/2003 F	10,708,300	394,855	11,103,155	373,700	9,829,655	895,000	4,800

continued

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PEARS: PRODUCTION, SUPPLY, AND DISTRIBUTION IN SELECTED COUNTRIES
(METRIC TONS)

Country/ Marketing Year	Production	Imports	Supply/ Utilization	Exports	Fresh Domestic Consumption	Processed	Withdrawals
TOTAL NORTHERN HEMISPHERE COUNTRIES							
1999/2000	11,811,234	1,105,538	12,916,772	938,349	10,768,731	1,164,559	45,133
2000/2001	12,661,564	1,107,341	13,768,905	1,026,976	11,607,812	1,088,509	45,608
2001/2002	12,876,336	1,151,760	14,028,096	994,157	11,882,470	1,116,187	35,282
2002/2003 F	12,954,585	1,154,855	14,109,440	1,044,950	11,927,340	1,102,500	34,650
SOUTHERN HEMISPHERE COUNTRIES							
Argentina							
1999/2000	478,078	786	478,864	279,462	119,867	79,535	0
2000/2001	610,110	468	610,578	315,631	111,537	183,410	0
2001/2002	550,000	300	550,300	265,000	135,300	150,000	0
2002/2003 F	550,000	0	550,000	270,000	150,000	130,000	0
Australia							
1999/2000	156,000	1,116	157,116	20,562	73,000	63,554	0
2000/2001	168,896	1,027	169,923	16,877	80,000	73,046	0
2001/2002	165,000	1,000	166,000	18,030	84,000	63,970	0
2002/2003 F	175,000	1,000	176,000	21,000	85,000	70,000	0
Chile							
1999/2000	237,000	0	237,000	124,700	65,300	47,000	0
2000/2001	249,000	0	249,000	128,900	69,100	51,000	0
2001/2002	237,000	0	237,000	122,000	68,000	47,000	0
2002/2003 F	247,000	0	247,000	128,500	68,500	50,000	0
New Zealand							
1999/2000	32,555	1,400	33,955	6,500	20,905	6,550	0
2000/2001	24,300	1,500	25,800	9,100	12,000	4,700	0
2001/2002	23,800	1,300	25,100	10,500	11,200	3,400	0
2002/2003 F	23,400	1,300	24,700	10,000	11,200	3,500	0
South Africa							
1999/2000	277,336	0	277,336	98,330	53,510	121,816	3,680
2000/2001	246,320	0	246,320	90,406	60,860	93,054	2,000
2001/2002	250,000	0	250,000	118,000	62,000	68,800	1,200
2002/2003 F	280,000	0	280,000	130,000	78,000	70,500	1,500
TOTAL SOUTHERN HEMISPHERE COUNTRIES							
1999/2000	1,180,969	3,302	1,184,271	529,554	332,582	318,455	3,680
2000/2001	1,298,626	2,995	1,301,621	560,914	333,497	405,210	2,000
2001/2002	1,225,800	2,600	1,228,400	533,530	360,500	333,170	1,200
2002/2003 F	1,275,400	2,300	1,277,700	559,500	392,700	324,000	1,500
TOTAL SELECTED COUNTRIES							
1999/2000	12,992,203	1,108,840	14,101,043	1,467,903	11,101,313	1,483,014	48,813
2000/2001	13,960,190	1,110,336	15,070,526	1,587,890	11,941,309	1,493,719	47,608
2001/2002	14,102,136	1,154,360	15,256,496	1,527,687	12,242,970	1,449,357	36,482
2002/2003 F	14,229,985	1,157,155	15,387,140	1,604,450	12,320,040	1,426,500	36,150

1/ Data for Northern Hemisphere countries are for July/june marketing year, except for Mexico and France, which are August/July. In the Southern Hemisphere the marketing year begins on January 1 of the second year indicated, except for Chile, wherethe year starts on February 1 of the second year indicated, and New Zealand, where the year starts on October 1 of the first year indicated.

2/ U.S. import and export forecasts are based on trends during recent years, trade contacts, and shipments from July-November 2002.

F= Forecast