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Croatia

Fresh Deciduous Fruit

Apple and Pear Situation and Outlook

2000

Approved by:

Allan Mustard

U.S. Embassy Vienna

Prepared by:

Slaven Aljinovic

Report Highlights:

Total apple production in 1999 was 66,700 metric tons, which is 5 per cent lower than the previous year. Despite an increased number of bearing trees of 2.9 per cent, a decrease in apple production resulted due to decreased yields caused by unfavorable weather conditions. The outlook for 2000 is for a slight increase to more normal levels, as this is a bearing year. That increase may be constrained, however, by the severe drought afflicting central Europe.

Includes PSD changes: Yes
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Summary

Total apple production in 1999 was 66,700 metric tons, which is 5 per cent lower than the previous year. Despite an increased number of bearing trees of 2.9 per cent, a decrease in apple production resulted due to decreased yields caused by unfavorable weather conditions. The outlook for 2000 is for a slight increase to more normal levels, as this is a bearing year. That increase may be constrained, however, by the severe drought afflicting central Europe.

Production Policy

In 1999 new regulations based on the Law on Seed, Seedlings and Varieties of Agricultural Plants were promulgated. The main articles more strictly regulate the conditions of production and import of agricultural seed, seedlings and varieties of agricultural plants. The Institute for Seed and Nursery Gardens was founded in Osijek. Its task is to control, issue declarations and labels of seedlings and register the production of seedlings.

Croatia still imports a significant part of its fresh fruit consumption. This was especially evident during the war, when a significant part of fruit production area was occupied.

In 1999 the Ministry of Agriculture introduced a new system of incentives in agriculture (the Law on Incentives and Subsidies in Agriculture and Fisheries) which includes one-time support for planting new orchards and vineyards. The incentives are approved for new orchards as shown in the table below.

Fruit	Regular incentive	Strategic areas
Apples	19,400	25,850
Pears	19,400	25,850
Cherries	10,800	14,350
Peaches	13,600	18,100
Plums	9,000	12,000
Mandarins	21,600	28,700
Almonds	7,300	9,750
Walnuts	11,200	14,900
Hazelnuts	7,300	9,750
Sweet cherries	14,650	19,500
Vineyards	28,000	40,000

The incentives are set higher for so-called strategic areas which include war affected, border and mountain areas which are mainly less developed. This kind of favoring is in line with “Green Box Measures” and there will be no obligation for lowering them upon Croatia’s accession to WTO.

During 1999 amendments to the Law on Subsidies and Incentives introduced 60 new support programs. Thus the total number of subsidy programs increased to more than 130, which makes the current support system one of the most complicated among the countries in transition.

Only a few products from apples and pears are processed in Croatia. These are juices, concentrated apple juice (CAJ) and apple and pear brandy. Canned apple sauce and slices, dried apples and frozen apple and pear slices are not produced in the country and they are imported in insignificant quantities.

Apples

According to official statistics on continental fruit production for 1999, total apple production was 66,700 metric tons, which is 5 per cent lower than the previous year. Despite an increased number of bearing trees of 2.9 per cent, a decrease in apple production resulted due to decreased yields caused by unfavorable weather conditions. Production in 2000 should be up slightly as this is a bearing year. However, drought conditions featuring rainfall at 20% of normal levels since mid-April and higher than average temperatures will tend to reduce yields.

The average yield per tree in 1999 was 17.8 kg, which is far below the yields in the period before 1990. The declining average yields show the influence of high mineral fertilizer prices. During the war very small investments were made into new orchards, while production of older trees progressively fell. Average apple yields vary significantly according to weather conditions, from a low of 15.5 kg per tree in 1994 to a high of 36.6 kg per tree in 1982.

The number of bearing apple trees has been continuously but slowly increasing since the end of the war. The declining trend in number of trees and apple production started in 1992, mostly due to war damage. The lowest number of trees was recorded in 1995 when, because of fire blight, a many orchards were destroyed to prevent its spread.

In 1999 the number of bearing trees has again, like in 1998, reached the highest figure ever since official statistics were kept. The measures of the government to stimulate apple production with favorable credit support of new orchards and incentives which includes one-time support for raising orchards are evident in the growth in numbers of bearing trees.

Approximately 68 per cent of all apple trees are in the private sector, while 32 per cent are in business entities and cooperatives orchards. However, the private business and cooperative sector provides about 47 per cent of total Croatian apple production because of their higher yields from better application of pesticides and fertilizers.

The main apple varieties grown in Croatia are Idared, Red and Golden Delicious, Jonathan, Melrose, Granny Smith and some local varieties, but information on the proportion of these varieties is not statistically recorded.

According to trade sources, Croatia imported 11,650 MT of fresh apples in 1999 which is a slight increase compared to 10,599 MT in the previous year. A major source of fresh apples into Croatia is neighboring Slovenia (in 1998 more than 3,000 MT), which is taking advantage of the tariff rate quota for 6,000 MT of fresh apples agreed to in the bilateral free trade agreement between the two countries. In 1999 however Spain was the major apple exporter to Croatia with 6,700 MT.

Croatia exports certain quantities of fresh apples, mainly to Slovenia and Bosnia and Herzegovina, but exports are falling: from a level of 10,000 MT in 1995, exports of fresh apples for 1998 did not reach 4,000 MT, and in 1999 it dropped to 3,100 MT

According to the Ministry of Agriculture's market information system (MIS) database at the apple retail prices at the farmers' market in 1999 ranged from a low recorded in October of 3.99 kuna per kg to a high of 6.43 kuna per kg in June. In the period from January to August the prices of apples tends to rise due to increased storage costs. In the peak tourist season (August) prices increased mainly in coastal areas of Croatia. In the beginning of September prices fall as harvesting gets underway. In October prices begin to rise again and experience sharp increases in December due to increased demand during the Christmas and New Years holidays.

Pears

In 1999/00 fresh pear production was 8,600 MT which is a decrease of 32 per cent compared to 13,000 MT produced in 1998/99. This drop was due to lower yields despite an increase in the number of bearing trees (17 per cent). The pear average yield per tree in 1999/00 amounted 10.1 kg which is relatively low compared to the peak yield achieved in 1982 (16.8 kg per tree) but better than the lowest yield from 1985 (8.9 kg per tree).

Continuously falling tree numbers and declining yields reflect neglect. Relatively small investments have been made in new orchards, while productivity of older trees progressively deteriorates. Government credit programs and other incentives have not elicited significant farmer interest in investing in pear production, although production of the famous Williams pear brandy could be a competitive Croatian agricultural product.

More than 76 per cent of the total pear trees in Croatia are planted on the private family farms and they proportionately provide 77 per cent of total pear production.

The main pear varieties in Croatia are: Bella di Guigno, Passe Crassane, General Le Clerk and some local varieties.

According to the Market Information System (MIS) database at the Ministry of Agriculture the retail price of pears at the farmers' market in 1999 ranged from a low recorded in September of 6.7 kuna per kg to a high of 9.9 kuna per kg in April.

Concentrated apple juice (CAJ)

Croatian official statistics do not break concentrated apple juice production out separately from concentrated fruit juices. Therefore the CAJ production data are based on a percentages of concentrated continental fruits juice production, estimated to be about 60%, as well as on the information provided by the Croatian Association of Beverage Producers.

Consumption

The annual average quantity of apples consumed per household member in 1998 is calculated as 11.13 kg which represents 22.91 per cent of fruit and processed fruit consumption. Pear personal consumption is significantly lower: 1.24 kg per head annually which represents 2.55 per cent of fruit and processed fruit consumption.

Trade policy

The negotiations with WTO are completed and is only a matter of time as to when Croatia will become a full member of this organization. In the framework of the WTO negotiations seasonal periods were agreed to during which the bound tariff rates for the majority of sensitive fruits and vegetables are set at significantly higher level than European averages. This measure should enable higher protection of domestic market during periods of seasonally peak supply.

Fruit producers and processors are protected only by customs duties (ad valorem and duty amount in kuna in accordance with the unit of quantity.) There are no import limitation quotas and no export subsidies.

At the moment Croatia has two free trade agreements in force, with Slovenia and FYRO Macedonia. The agreement with Slovenia stipulates that 8,000 MT of fresh apples and 500 MT of fresh pears can be imported into Croatia with only 1% customs duty. For the imported quantities above the quotas, regular customs duties are applied. Similar quota system for more favorable trade is valid in the agreement with Macedonia.

Table 2: Customs duties on fresh fruit and concentrated apple juice imported to Croatia (May 2000)

Heading	Subheading	Description	Ad valorem customs duty	Unit of quantity	Duty in kuna in accordance with the unit of quantity
08.06	0806.10	Grapes, fresh or dried. -Fresh			
	0806.101	--- for processing	20	kg	1.05
	0806.109	--- other	15	kg	0.00
08.08		Apples, pears and quinces, fresh.			
	0808.10	-Apples	20	kg	0.00
	0808.20	-Pears and quinces	20	kg	0.00
20.09		Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter.			
	2009.70	-Apple juice			
	2009.701	--- concentrated	10	kg	0.00
	2009.709	--- other	15	kg	1.81

Exchange rate (April 2000): 8.00 Croatian kuna = \$1.00

Statistical note: It is important to stress that the first complete data on fresh fruit production in this decade have only been available since 1998. The reason is that a major part of the data could only be estimated partly due to the temporary occupation of the part of Croatian territory and to problems with areas under landmines. Another of the factors limiting reliability and completeness of data lies in Statistical Office difficulties in switching from previous classifications and nomenclatures to European standards. This process is not yet completed.

PSD Table						
Country	Croatia					
Commodity	Fresh Apples	(HA)(1000 TREES)(MT)				
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	3641	0	3745	0	3780
Non-Bearing Trees	0	649	0	600	0	620
Total Trees	0	4290	0	4345	0	4400
Commercial Production	0	69506	0	66752	0	70000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	0	69506	0	66752	0	70000
TOTAL Imports	0	10599	0	11711	0	10000
TOTAL SUPPLY	0	80105	0	78463	0	80000
Domestic Fresh Consump	0	67352	0	62817	0	63000
Exports, Fresh Only	0	3660	0	3116	0	3500
For Processing	0	9093	0	12530	0	13500
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	0	80105	0	78463	0	80000

Export Trade Matrix			
Country	Croatia		
Commodity	Fresh Apples		
Time period	calendar	Units:	metric tons
Exports for:	1998		1999
U.S.	0	U.S.	0
Others		Others	
Slovenia	2306	Slovenia	488
Bosnia & Herzeg	1064	Austria	2188
EU-15	290	Germany	367
Total for Others	3660		3043
Others not Listed	0		0
Grand Total	3660		3043

Import Trade Matrix			
Country	Croatia		
Commodity	Fresh Apples		
Time period	calendar	Units:	metric tons
Imports for:	1998		1999
U.S.	0	U.S.	0
Others		Others	
EU-15	6817	Spain	6761
Slovenia	3385	South Africa	2483
		Austria	1961
Total for Others	10202		11205
Others not Listed	397		445
Grand Total	10599		11650

Prices Table			
Country	Croatia		
Commodity	Fresh Apples		
Prices in	kuna	per uom	kg.
Year	1998	1999	% Change
Jan	4.6125	4.9225	6.72%
Feb	5.165	5.01	-3.00%
Mar	5.4725	5.2675	-3.75%
Apr	5.6675	5.415	-4.46%
May	5.7075	5.5565	-2.65%
Jun	6.805	6.4325	-5.47%
Jul	6.206	6.26	0.87%
Aug	5.095	6.085	19.43%
Sep	4.845	4.4575	-8.00%
Oct	4.01	3.99	-0.50%
Nov	3.725	4.0725	9.33%
Dec	4.18	4.63	10.77%
Exchange Rate	8	Local currency/US \$	

PSD Table						
Country	Croatia					
Commodity	Concentrated Apple Juice				(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Deliv. To Processors	0	9093	0	12530	0	13500
Beginning Stocks	0	0	0	0	0	0
Production	0	4315	0	4500	0	4700
Imports	0	1137	0	572	0	500
TOTAL SUPPLY	0	5452	0	5072	0	5200
Exports	0	155	0	830	0	900
Domestic Consumption	0	5297	0	4242	0	4300
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	5452	0	5072	0	5200

Export Trade Matrix			
Country	Croatia		
Commodity	Concentrated Apple Juice		
Time period	calendar	Units:	metric tons
Exports for:	1998		1999
U.S.	0	U.S.	104
Others		Others	
EU-15	128	Canada	686
Total for Others	128		686
Others not Listed	26		40
Grand Total	154		830

Import Trade Matrix			
Country	Croatia		
Commodity	Concentrated Apple Juice		
Time period	calendar	Units:	metric tons
Imports for:	1998		1999
U.S.	0	U.S.	0
Others		Others	
Slovenia	1016	Slovenia	256
Bosnia & Herzeg	120	Austria	146
Total for Others	1136		402
Others not Listed	208		170
Grand Total	1344		572

PSD Table						
Country	Croatia					
Commodity	Fresh Pears	(HA)(1000 TREES)(MT)				
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	1027	0	849	0	1050
Non-Bearing Trees	0	189	0	253	0	240
Total Trees	0	1216	0	1102	0	1290
Commercial Production	0	12724	0	8616	0	12000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	0	12724	0	8616	0	12000
TOTAL Imports	0	3975	0	3757	0	3500
TOTAL SUPPLY	0	16699	0	12373	0	15500
Domestic Fresh Consump	0	13354	0	9893	0	12394
Exports, Fresh Only	0	7	0	7	0	8
For Processing	0	3338	0	2473	0	3098
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	0	16699	0	12373	0	15500

Import Trade Matrix			
Country	Croatia		
Commodity	Fresh Pears		
Time period	calendar	Units:	metric tons
Imports for:	1998		1999
U.S.	0	U.S.	0
Others		Others	
EU-15	3478	Italy	2898
Argentina	215	Spain	354
		Slovenia	164
		Netherlands	112
Total for Others	3693		3528
Others not Listed	282		229
Grand Total	3975		3757

Prices Table			
Country	Croatia		
Commodity	Fresh Pears		
Prices in	kuna	per uom	kg
Year	1998	1999	% Change
Jan	8.7	9.3	6.90%
Feb	9.475	9.2	-2.90%
Mar	9.255	9.9	6.97%
Apr	10.1	9.425	-6.68%
May	10.184	8.36	-17.91%
Jun	10.625	9.1	-14.35%
Jul	9.0575	8.78	-3.06%
Aug	6.975	7.7	10.39%
Sep	6.725	6.7	-0.37%
Oct	7.08	7.56	6.78%
Nov	8.05	8.5	5.59%
Dec	9.175	8.575	-6.54%
Exchange Rate	8 Local currency/US \$		