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Romania

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Deciduous Fruit Annual Report

Report Categories:
Fresh Deciduous Fruit

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Report Highlights:
Post expects Romanian fruit production to recover in 2018, following a 15-percent decline in 2017 due to adverse weather conditions. Demand for fresh fruit is poised to remain robust, supported by growing consumer purchasing power and an increasing preference for healthful products. Despite improved harvests, imports are also expected to increase this year to meet rising demand.

General Information:
Market Overview

Total Romanian fruit production declined by 15 percent, from 1.241 million metric tons (MMT) in 2016 to 1.059 MMT in 2017 because of adverse weather spring conditions. Orchard area continued to decline, reaching about 137,500 hectares (HA) in 2017. Plum production accounts for the largest share of fruit production at 42 percent, followed by apples at 33 percent, and cherries and pears at 4.6 percent (please see Table 1).

Table 1: Romanian Fruit Production

Years	2015	2016	2017
Total fruit area (HA)	**138,500**	**137,500**	**137,500**
Total fruit production (MT), of which	**1,224,700**	**1,241,600**	**1,058,500**
Apples	469,437	467,300	348,700
Pears	44,682	52,800	48,900
Plums	477,841	513,000	444,900
Apricots	30,760	30,700	33,900
Cherries	74,222	73,800	58,500
Peaches and nectarines	21,434	23,600	19,300

Source: National Institute of Statistics

Romanian orchard rootstock is generally old and in need of revitalization. According to Post sources, 50 percent of total orchard acres are old and productivity is low. Orchards with trees under 10 years make up under 20 percent of Romania's total orchard area. The process of renewing the fruit-production sector started in 2014 under the Rural Development Program, which included orchard renewal components. As more farmers invest in new orchards and/or replace old rootstock, as well as other inputs like drip irrigation, frost protection, and anti-hail nets, yields should improve over the long term. The same program also offers resources to farmers for building new warehouses, sorting, calibration, and packaging facilities. Nevertheless, labor remains a constraint to fruit-sector growth for both blue and white-collar workers, as widespread Romanian emigration to other EU member states (MS) is a factor, particularly from rural areas. Many farmers seek technologies that can reduce the need for manual labor work.

APPLES

Romania is the second-largest EU apple producer in terms of area, but the seventh-largest in terms of production, due to low yields. Average apple yields in 2017 were six MT/HA, compared to 33 MT/HA in Italy and 15 MT/HA in Hungary and Poland, as per Eurostat data. The advanced age of apple orchards and the low tree density keep productivity low. According to the Eurostat, over half of Romania's apple trees are 25 years old or older (58 percent), 25 percent are at least 15 years old, while the balance consists of trees younger than 14 years. In terms of density, nearly 65 percent of area density of less than 400 trees/HA. 33 percent is intensive more intensive at 400-1,500 trees/HA, while only a very small percentage is super-intensive, above 1,500 trees/HA.

Over 60 percent of all Romanian apple orchards are concentrated in the northwestern and southern areas. About 100 varieties are grown in Romania, with Jonathan (50 percent) and Golden Delicious (20 percent) being most prominent. Most apples are consumed fresh in Romania, with one-third going for processing. Over 50 percent of fruit from old orchards are further processed. In the absence of proper storage conditions and cold chain, harvested production often enters non-commercial channels, meaning self-consumption or home processing into jams and alcoholic beverages (e.g. brandy and cider).

In 2018, apple production is forecast to increase by nearly 50 percent after a 25-percent decline in 2017 (Table 1). Unlike 2017 weather conditions, which led to lower yields, late-spring frosts in 2018 did not significantly damage the trees. Despite the projected higher domestic harvest, imports are also expected to rise, adding more pressure on domestic producers to be price competitive, mostly towards the end of the marketing year (MY) 2018/19 (Table 2).

Table 1 - Romania, Apple area (HA), production, trade and consumption (MT)

APPLES	**MY 2015/16**	**MY 2016/17**	**MY 2017/18**	**MY 2018/19***
	July 2015- June 2016	**July 2016- June 2017**	**July 2017- June 2018**	**July 2018- June 2019**
Area	55,900	55,500	55,050	55,000
Production	476,059	467,259	348,656	520,000
Import	108,812	118,084	99,398	111,000
Total Availability	**584,871**	**585,343**	**448,054**	**631,000**
Export	16,583	6,525	6,605	8,000
Consumption (fresh or processing) and losses	568,288	578,818	441,449	623,000
Total Disappearance	**584,871**	**585,343**	**448,054**	**631,000**

*Sources: National Institute of Statistics; Global Trade Atlas; *FAS forecast for MY 2018/19*

In MY 2017/18, the fresh apple imports fell by 16 percent, mainly due to the lower production in Poland and Italy, which are Romania's top-two suppliers.

Table 2 - Romania Apple Imports

Commodity: 080810, Apples, Fresh						
Year Ending Series: June, 2013 - 2018						
		Quantity				
Partner Country	**Unit**	**2014**	**2015**	**2016**	**2017**	**2018**
World, of which	**T**	**61,194**	**85,670**	**108,812**	**118,084**	**99,398**
Poland	T	29,215	43,479	60,195	73,277	59,411

Italy	T	10,313	18,763	22,251	25,443	12,163
Germany	T	5,552	8,334	7,463	7,540	7,455
Hungary	T	3,570	7,366	6,162	3,407	4,544
Austria	T	2,068	2,056	1,840	1,647	851
Greece	T	1,519	955	1,675	1,443	2,138
Macedonia	T	1,669	532	6,268	1,661	1,660
Serbia	T	2,291	21	754	1,668	753

Source: Global Trade Atlas

Apple exports remain modest and account for less than two percent of production. The main export markets for Romanian apples are Hungary, Bulgaria, Germany, and Italy. Growing demand for organic apples in Germany and Italy are driving some exports to those markets.

Fresh apples are widely consumed fruit in Romania. Farmers sell fresh apples through retail chains and/or open markets. In recent years, retailers have stocked more and more local fruit, responding to Romanian consumer preferences for local products. Lack of adequate storage, sorting, and transportation prevents many apple farmers from supplying retail chains. In general, retailers purchase fresh seasonal fruit from local suppliers markets and through international suppliers.

APPLE JUICE

Post expects that growth in apple juice production will continue. Increasing consumer preferences for products perceived as ‘healthful’, abundant fresh apple stocks, and low apple prices, particularly during the harvest season, will drive this trend. EU subsidies have also encouraged farmers in the traditional apple areas to further process their apples into juice or to can their fruits. Apple juice from these operations is usually marketed as “bag-in-box” packages of two to five liters, pure or in combined with other fruit juices. Demand for room-temperature or temperature-control juices, especially in cities where purchasing power is higher, is expected to remain robust. These factors also reflect growth in apple juice imports (Table 3). Conversely, apple juice exports have stagnated over the past two years at 2,200 MT in response to solid domestic demand and regional competition.

Table 3 - Romania Apple Juice Imports (Year Ending: June)

Commodity: 200979, Apple Juice, Nesoi, Not Fortified With Vitamins Or Minerals, Unfermented, Not Containing Added Spirit, Whether Or Not Sweetened						
Year Ending Series: June, 2014 - 2018						
Partner Country	**Unit**	**Quantity**				
		2014	**2015**	**2016**	**2017**	**2018**
World, of which	**T**	**547**	**883**	**893**	**1,482**	**1,782**
Germany	T	256	372	364	227	285
Poland	T	172	158	241	273	131

France	T	66	58	8	88	190
Moldova	T	-	24	97	144	286
Austria	T	4	14	18	272	215
Hungary	T	18	8	87	403	622

Source: Global Trade Atlas

PEARS

Romania's pear growing regions are in the southern, northwestern, and western areas and total about 3,400 hectares. According to the National Institute of Statistics, about 50 pear varieties rare cultivated in Romania. Cure and Williams account for over 60 percent of production, followed by Conference (seven percent) and Abate (six percent).

Post expects 2018 production to increase by four percent due to favorable growing conditions (Table 4). Pear imports have tripled over the past five years (Chart 1). Imports now account for one-third of consumption. 70 percent of MY 2017/18 imports came from Italy (11,296 MT) and the Netherlands (6,127 MT). Other suppliers included the Czech Republic, Turkey, Greece, and Germany.

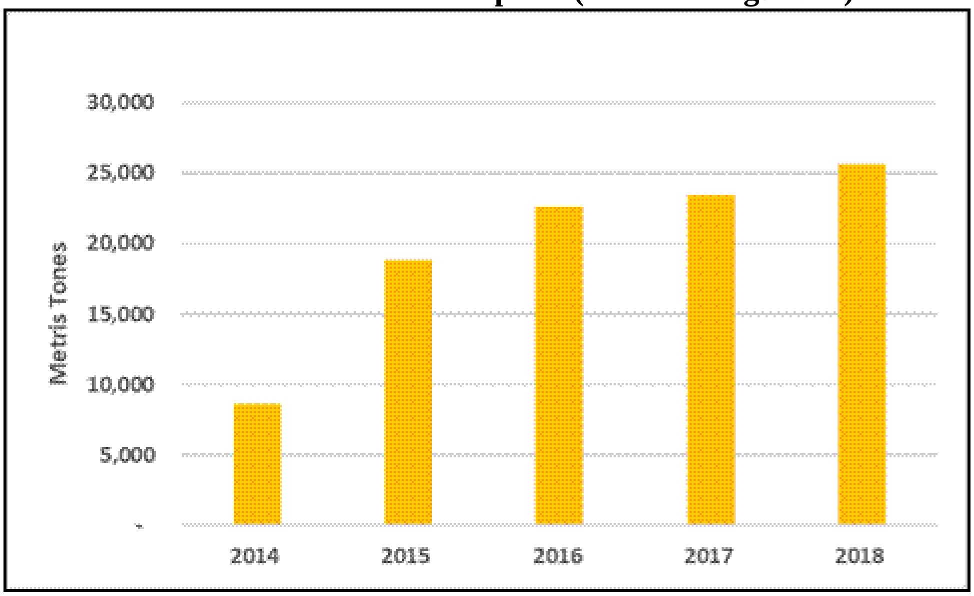
Romanian pears are consumed fresh, and are processed into jams and brandy. Most pear production is mostly non-commercial, meaning most pears are sold informally or consumed on-farm. Only a limited share of local production reaches modern retail.

Table 4 - Romania, Pear production, trade and consumption (MT)

PEARS	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19*
	July 2015-June 2016	July 2016-June 2017	July 2017-June 2018	July 2018-June 2019
Production	44,682	52,751	49,000	51,000
Import	22,621	23,392	25,614	24,700
Total Availability	**67,303**	**76,143**	**74,614**	**75,700**
Export	382	7	75	30
Consumption (fresh or processing) and losses	66,921	76,136	74,539	75,670
Total Disappearance	**67,303**	**76,143**	**74,614**	**75,700**

*Sources: National Institute of Statistics; Global Trade Atlas; *FAS forecast for MY 2018/19*

Chart 1 - Romania Pear Imports (Year Ending: June)



Source: Global Trade Atlas

TABLE GRAPES

Most table grapes are produced in Romania’s southeastern region. According to the National Institute of Statistics, about 40 table grape varieties are cultivated, three-quarters of which are Afuz Ali, Chasselas Dore, and Hamburg Muscat varieties.

Post forecasts Romanian 2018 table grape production to increase by 35 percent over 2017 (Table 5). Imported table grapes typically account for about half of consumption. The major foreign suppliers in MY 2017/18 were Moldova (16,400 MT), Italy (9,615 MT) and Greece (10,464 MT). Table grape exports are negligible. Retail chains market table grapes year-round, so import is the main source of acquisition, except fall, when local production is preferred due to price and freshness.

Table 5 - Romania, Table Grapes production, trade and consumption (MT)

TABLE GRAPES	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19*
	June 2015-May 2016	June 2016-May 2017	June 2017-May 2018	June 2018-May 2019
Production	42,100	38,806	48,000	65,000

Import	34,379	42,806	48,006	49,000
Total Availability	**76,479**	**81,612**	**96,006**	**114,000**
Export	642	2,068	549	1,100
Consumption (fresh or processing) and losses	75,837	79,544	95,457	112,900
Total Disappearance	**76,479**	**81,612**	**96,006**	**114,000**

*Sources: National Institute of Statistics; Global Trade Atlas; *FAS forecast for MY 2018/19*