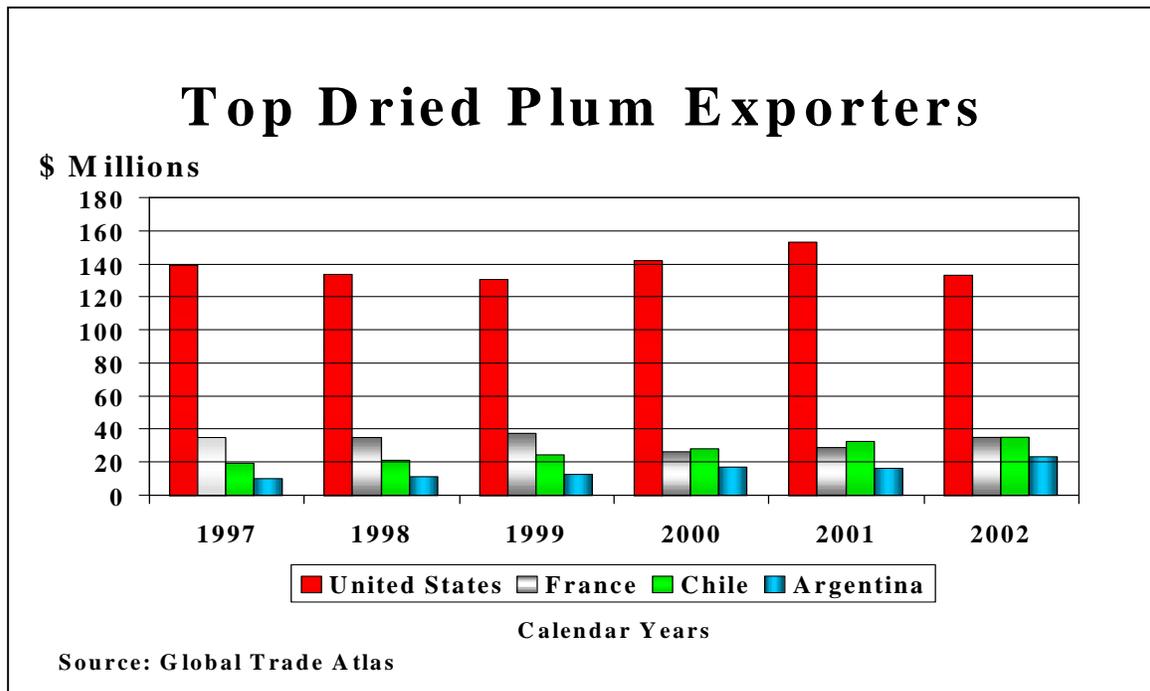


Dried Fruit (Dried Plum-Prune) Situation in Selected Countries

Total northern hemisphere dried plum production for marketing year (MY) 2002/03, for selected countries, is estimated at 192,925 metric tons while the forecast for 2003/04 northern hemisphere production remains at 206,852 metric tons. Production in Chile is forecast at 32,000 tons for 2003/04. Although 2002/03 Chilean production was down 15 percent from the previous year due to poor weather conditions, levels are expected to rise over the next few years due to increases in planted areas.



Global Production and Trade

The United States, France and Chile are the world's key dried plum producers. Combined, these countries are forecast to generate more than 238,850 tons of dried plums in 2003/04.

These countries are also the world's largest exporters of dried plums. Chile typically exports over 90 percent of its production, while the United States and France usually export around 40 percent.

United States

The 2002/03 dried plum crop production totaled 146,946 tons, a 20-percent increase from the 2001/02 crop. The 2003/04 crop is forecast at 156,852 tons, due to more rain and cooler temperatures during March and April than normal. Increased plantings during the late 1990s have led to an overall increase in supplies, and stock levels do not show any sign of tightening in the year to come. Although the California Dried Plum Board (CDPB) projects that nursery sales of prune trees were up in 2002/03, they will likely decline in 2003/04 to about 260,000 trees.

Total U.S. dried plum exports in 2002/03 decreased by more than 11 percent from the preceding year to 64,352 tons, despite a larger crop. Total exports in 2003/04 are forecast to fall by 3 percent from 2002/03 levels, reaching 62,421 tons. Although increased sales in 2003/04 are likely to be seen to Japan and Canada, the U.S. prune industry is expected to lose market share in select European Union (EU) countries to Chilean prunes, which now enter the EU duty-free under the EU-Chile free trade agreement (FTA), which was enacted in January 2003. Conversely, U.S. dried plums entering the EU are currently subject to a 9.6-percent tariff. From January to October 2003, U.S. exports to Germany, the industry's largest EU export market, were down by 20 percent from the same period a year earlier. However, U.S. exports to the EU, overall, were up by 1 percent during the January-October period since 2002. Increases in Italy, the United Kingdom, the Netherlands, and Belgium-Luxembourg helped offset the loss in export quantities to Germany.

The California dried plum industry is represented by the CDPB. The industry is very export-oriented, shipping 46 percent of its production to more than 50 markets. The largest market for U.S. dried plums is Japan. From January to October 2003, exports to Japan totaled 14,473 tons, an increase of 29 percent since the same period in 2002. The CDBP is very active in market promotion activities, including participation in numerous international food shows each year. The CDBP is also a Market Access Program participant with the Foreign Agricultural Service.

France

France is a net exporter of dried plums and a major competitor with the United States in the European market. It is the second leading producer of dried plums in the world, behind the United States, and supplies more than half of the EU market. France's dried plum exports from January to October 2003 totaled 13,317 tons, a decrease of 21 percent from the same period in 2002. The top market for France's exports is Algeria. Its main EU markets are the United Kingdom and Germany, which are also major markets for U.S. product. Due to expectations of favorable weather in MY 2003/04, production is forecast at 50,000 tons. Although this represents an 8-percent increase over the 45,979 tons produced in 2002/03, production is still lagging behind the 56,556 tons produced in 2001/02.

Although French prune growers are concerned that Chilean exports to the EU will increase since the January 2003 enactment of the EU-Chile FTA, the industry views the French product as a superior one for which, at least domestically, there is no substitute competition. However, the agreement will likely dampen prices on the EU market. Increased imports from Chile have already been seen since January 2003, when import duties for Chilean product went to zero.

The EU Commission sets new minimum grower prices and a subsidy for prune processors. Producers pay that price to growers and are later reimbursed with a subsidy from the EU. Although minimum grower prices for French producers stayed at euro 1,935 per 1,000 kilos in 2003, processing aid was increased to euro 804.15 per 1,000 kilos, an increase of more than 17 percent over the prior year's subsidy level. It is likely that this support will lower market prices, thereby allowing the French industry to compete against the zero-tariff Chilean product in the EU markets.

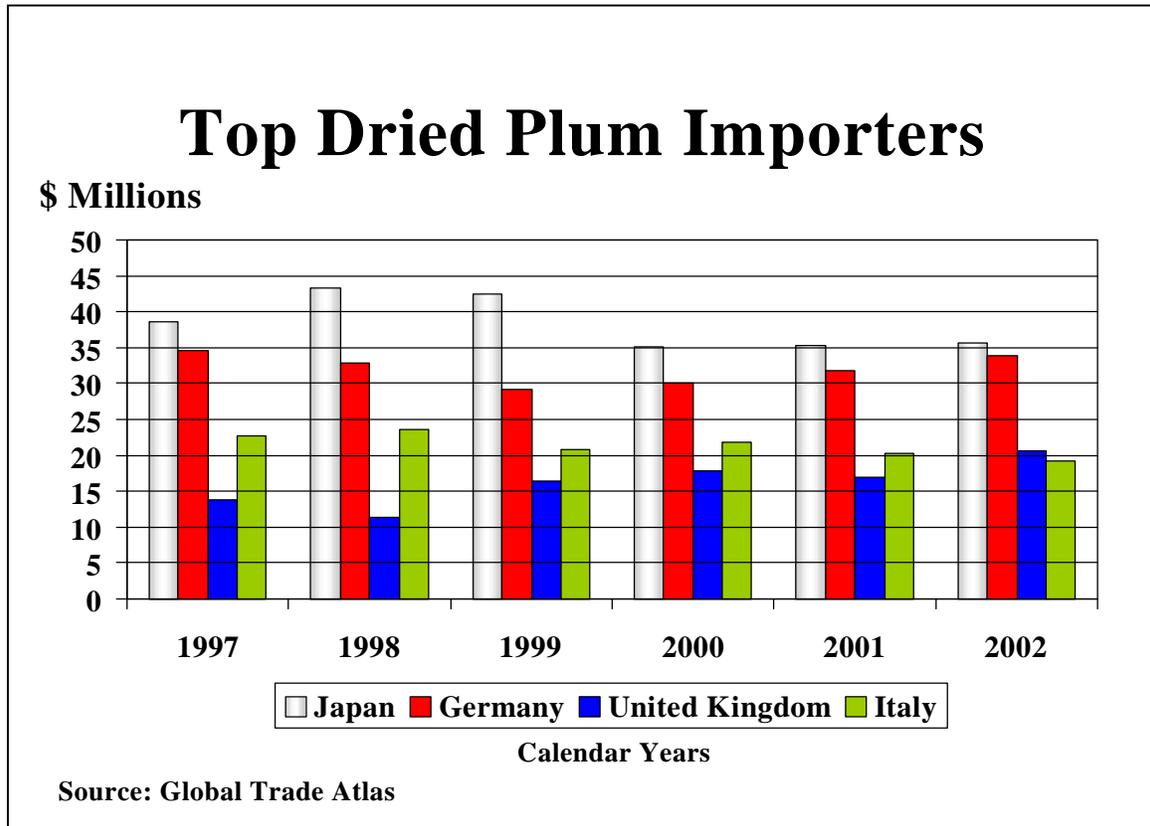
In the EU, prunes harvested under certain standards in France reap the benefit of a Protected Geographical Indicator (PGI), with the European logo "Pruneaux d'Agen" brand name. This name can only be used for marketing French prunes meeting those standards, and is generally regarded as indicating premium quality. The French industry believes that this PGI will help differentiate their product from imports in the domestic market.

Chile

The 2002/03 crop production estimate is now set at 25,500 tons, a 15-percent decrease from the previous year, as a result of poor spring weather conditions which affected most production areas. The 2003/04 production forecast is set at 32,000 tons due mainly to anticipations of more favorable weather. Overall production is expected to increase over the next 2 to 3 years and level off at around 35,000 to 36,000 tons per year. This is expected to occur due to increases in planted area by producers who have been enticed by good producer prices during the last few years. The majority of all plum trees in Chile are located in the Santiago Metropolitan Region. The domestic prune market in Chile is very small and usually only consumes 10 percent of domestic production. Domestic consumers usually take lower-quality fruit that is used for processed foods like juice or consumption by the baking industry, while some are utilized for making yogurt.

Chile's dried plum exports in 2002/03 are expected to reach the 2001/02 level despite tighter supplies of exportable surplus earlier in the season. January to October exports reached 26,130 tons, an increase of 16 percent from the same period last year. Due to the EU-Chile FTA enacted in January 2003, exports have already increased considerably and continued increases are expected over the next few years. January to October 2003 exports to the EU were up 37 percent, reaching 9,654 tons. Additionally, increases in planted/harvested areas are now starting to bear fruit and will likely increase export volumes. Latin America has traditionally been Chile's main dried plum market with the

majority of exports going to Mexico. Although Mexico is still the single largest importing country, the EU has become Chile's largest regional market since enactment of the FTA.



(The FAS Attaché Report search engine contains reports on the dried fruit industries for 8 countries, including South Africa, Turkey, and Australia. For information on production and trade, contact Dwight Wilder at 202-690-2702. For information on marketing contact Krista Dickson at 202-690-1341.)