



F&V market situation

Unit E.2. - Wine, spirits, and horticultural products
DG Agriculture and Rural Development
European Commission

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Structure of the presentation

1. Overall F&V market situation

2. Zoom in on main products

3. International

1. Overall F&V market situation



- During COVID, despite the various challenges (frost in April 2021, difficult access to seasonal workers, impaired logistics, etc..) **the F&V sector has shown remarkable resilience** ensuring high quality, safe and affordable supply. In particular, the year 2021 was characterized by dynamic intra-EU trade and recovering extra-EU trade (from initial post Brexit disruption).
- **The current market situation is however quite challenging** for the sector (like for all agricultural sectors) given the very uncertain international context.
- The on-going conflict is **disrupting exports to Russia** mainly for processed fruits and vegetables as well as the flowers sectors. Russia was indeed an important exports outlet for those products for around EUR1bl. Exports to Ukraine are more limited in size and mainly concentrated in the fresh sector. These new challenges for the sector come on top of the import **embargo introduced by Belarus** at the beginning of this year affecting the fresh fruits and vegetables sector especially apples and pears.

- Moreover, the international instability in that region will also affect the global trade and in particular the EU market via **potentially increased imports**. In fact, it is likely that neighboring third countries would redirect at least part of their produce initially destined for the region to the EU.
- The combination of lower exports opportunities and higher imports can cause oversupply in the market and put pressure on producers' prices as well as on the sector's margins in a context of **raising input costs** and slowdown in consumption.
- To cope with this situation the Commission has adopted on 23 March 2022 a package of measures. In particular, the exceptional market measures under Article 219 of the CMO will allow Member States to undertake actions in order to help the most affected sectors including the fruits and vegetables sector where pertinent ([safeguarding-food-security-supporting-eu-farmers-consumers-war-ukraine.pdf \(europa.eu\)](#))

Inflation

EU-27	04/20	05/20	06/20	09/20	12/20	03/21	06/21	09/21	12/21	01/22	02/22
Inflation	0.6	0.5	0.7	0.2	0.3	1.7	2.2	3.6	5.3	5.6	6.2
Food	4.5	4.1	3.7	1.9	1.1	0.6	0.3	2.3	4.3	4.9	5.6
Fruits	11.8	14.1	13.8	9.3	4.5	2.8	-2.9	0.1	3.8	4.9	4.6
Vegetables	5.9	3.2	1.9	-1.8	-1.2	-0.7	-1.3	4.9	6.9	6.8	9.0
Eurostat - Percentage change m/m-12											

- **Very high inflation for EU27** due to reopening of economies and increases in energy prices
- Increase also in annual consumer food price: the highest since the beginning of the pandemics in April 2020 due to increased input prices, challenges (logistics and labor) from the pandemics and higher agricultural product prices.
- The increase is more pronounced in vegetables than fruits

Input prices – February 2021

AGRICULTURAL INPUT PRICES

Agricultural input index 2010=100	Monthly average	Annual change	Monthly change
ENERGY	129.5	63.4%	7.7%
Crude oil, Brent (USD/bbl)	95.8	54.6%	12.0%
Crude oil, WTI (USD/bbl)	91.7	55.3%	10.4%
Natural gas, Europe (USD/mmbtu)	27.2	342.1%	-3.6%
Natural gas, US (USD/mmbtu)	4.7	-8.0%	7.5%
FERTILIZERS	196.9	96.7%	-1.9%
Phosphate rock (USD/mt)	172.5	95.7%	-0.4%
Diammonium phosphate (USD/mt)	747.1	41.3%	6.8%
Potassium chloride (USD/mt)	391.8	93.5%	77.3%
Triple superphosphate (USD/mt)	687.5	51.5%	1.7%
Urea (USD/mt)	744.2	122.1%	-12.1%

Extra-EU agri-food trade (full year 2021)

- EU agri-food trade (exports + imports) reached a value of EUR328.1bl i.e. +7.2% YoY. EU agri-food exports increased to EUR198bl (+7.3%) and EU imports attained EUR130.1bl (+7.0%);
- In 2021, **the EU agri-food trade surplus value stood at €67.9 billion, a yearly increase by 8%**. This net trade balance remains to be driven by exports of high-value products such as wine, spirits and liqueurs and chocolate and confectionery;
- **Exports to the UK were particularly depressed in the beginning of the year, after which they rebounded** with total exports of EUR42bl (in line with 2020). EU imports from UK fell by 25% in 2021 YoY
- F&V trade flows are also recovering due to the importance of the UK for exports and its partial recovery

Extra-EU F&V Trade (full year 2021)

Extra-EU Exports - Full year 2021			
Macro categories	Bil EUR	Change YoY	EU position
Preparation of vegetables, fruits and nuts	7,7	7%	Net exporter
Vegetables (fresh, chilled and dried)	5,9	-1%	Net exporter
Fruits (excl. Citrus and tropical)	3,9	-1%	Net importer
Extra-EU Imports - Full year 2021			
Macro categories	Bil EUR	Change YoY	EU position
Tropical fruits (incl. Nuts and spices)	13	-3%	Net importer
Fruits (excl. Citrus and tropical)	6,5	6%	Net importer
Vegetables (fresh, chilled and dried)	4,8	3%	Net exporter
Preparation of vegetables, fruits and nuts	3,8	5%	Net exporter

[monitoring-agri-food-trade_dec2021_en.pdf \(europa.eu\)\)](#)

Intra-EU F&V trade (full year 2021)

EUR Billion / Exports	2020	2021	Change	First MS	First product
FRESH VEG	19,0	20,4	7%	ES (EUR6,1bl)	fresh tomatoes (EUR3,3bl)
FRESH FRUIT	13,3	14,4	8%	ES (EUR4bl)	fresh grapes (EUR1,9bl)
F&V PREPARATIONS	13,0	13,8	6%	NL (EUR2,9bl)	frozen potatoes (EUR2,3bl)
TROPICAL FRUITS	8,8	9,2	5%	NL (EUR3,4bl)	bananas (EUR2,1bl)
JUICES FRUIT	5,0	4,8	-4%	NL (EUR1,3bl)	orange juice (EUR0,8bl)
CITRUS	4,2	4,5	6%	ES (EUR3bl)	oranges (EUR1,7bl)
TOTALS	63,4	67,1	6%	NL (EUR17,3bl)	fresh tomatoes (EUR3,3bl)

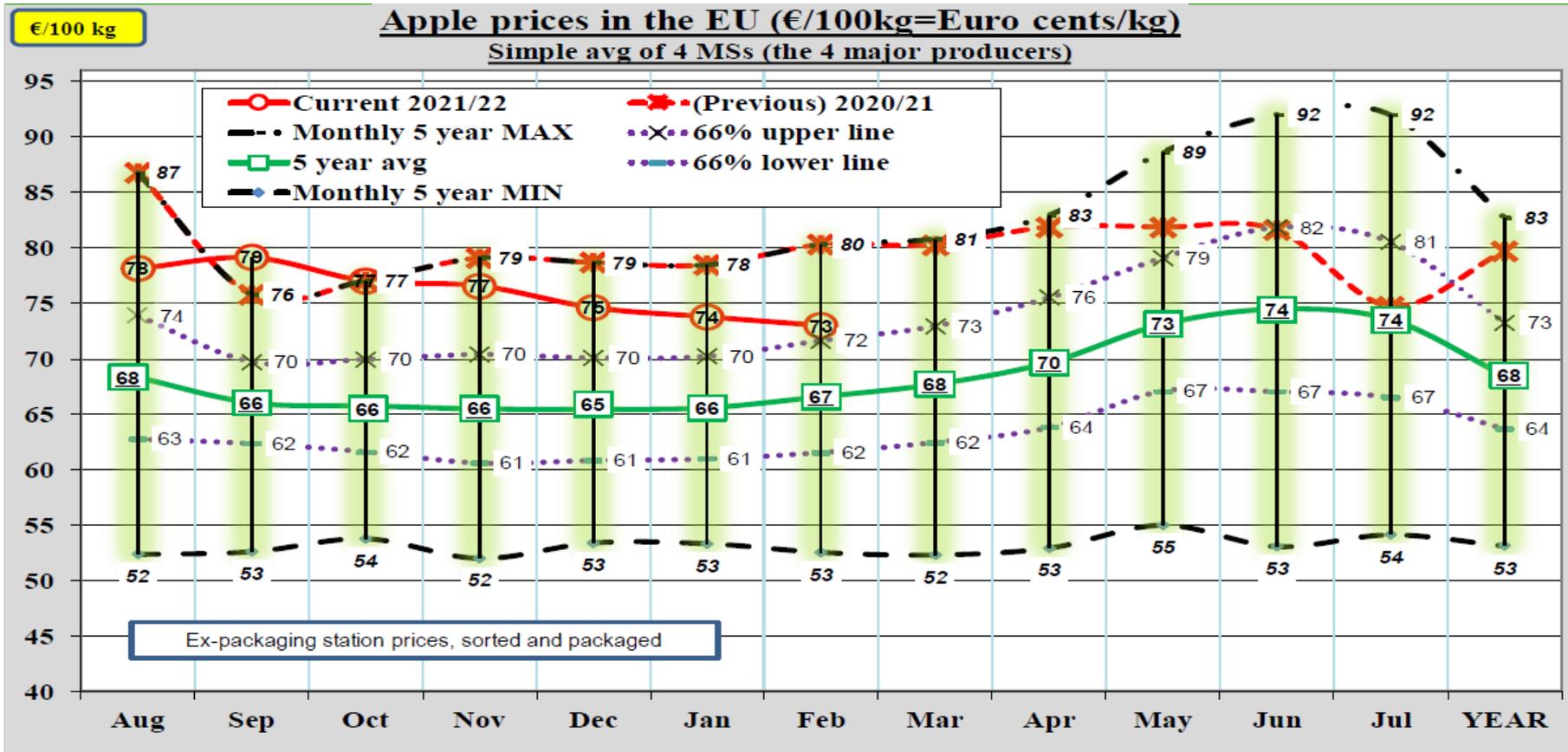
- Despite a slow start of the year, intra-EU trade picked up subsequently and **increased by 6% at EUR67bl** over 2021
- Increases for tomatoes, strawberries and cranberries more than compensating decrease for lemons and oranges
- **NL and ES also increasing** at respectively EUR17,3bl (+7%) and EUR16,5bl (+8%) and accounting for half of the total trade

2. Zoom in on main products



Apples

- As a reminder, **the apple market has experienced two very good campaigns** (2019/2020 and 2020/2021) with high prices, lower production and sustained demand especially during the period of lockdowns;
- For the current campaign (which started in August) the crop for EU27 is estimated close to 12M tonnes (higher than the preceding 5 year average and the « small » crop of the past marketing year) due to very **generous crop in Poland**; CAT 1 ex-packaging prices in Poland are still reported to be average (despite high stocks and Belarus ban) whereas prices in IT and FR are above;
- Exports are broadly stable over the first 6 months August to January (588K tonnes for this season vs. 579K tonnes for previous season) with strong increase to Egypt and somewhat reduction to the UK. Export exposure to Russia, Ukraine and Belarus of 135K tonnes (year 2021) not negligible (especially Belarus for Poland).

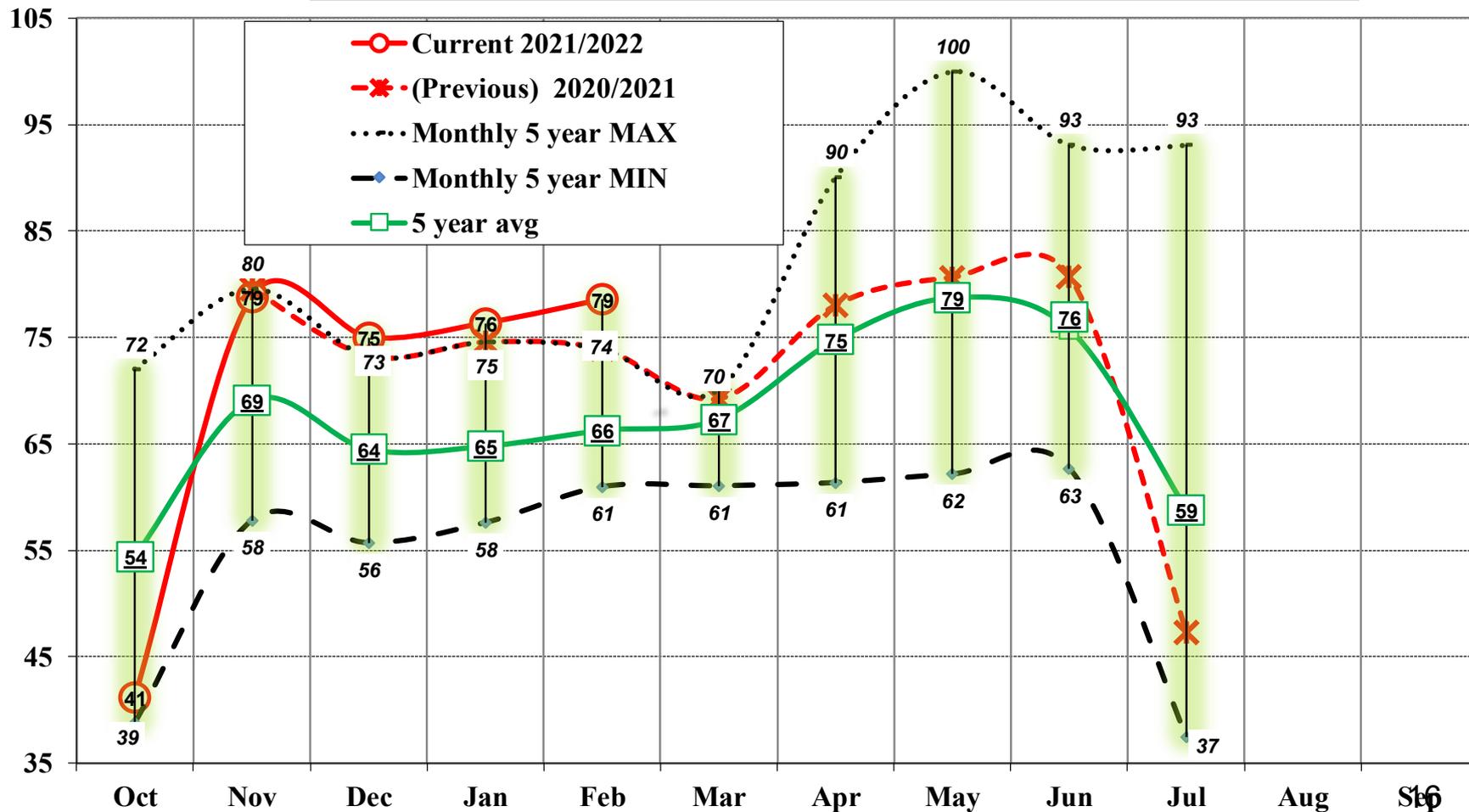


Oranges

- As a reminder, **the two previous marketing campaigns were good** (especially for the second half of 2019/2020 and first half of 2020/21) with above average prices, limited overlap between NH and SH and high demand in the EU (Covid-impact);
- For the current campaign (which started in October 2021) the crop estimation for EU27 is revised downwards to 6,1M tonnes due to low production in IT hit by bad weather conditions in Sicily. Prices so far are reported to be above average for IT and PT (average ES and EL).
- Imports have increased somewhat over the first four months Oct-Jan (197K tonnes vs. 161K tonnes for previous season) due to high imports from South Africa in October (shifted from September). Low imports from Egypt so far. Export exposure to Russia, Ukraine and Belarus is limited (around 22K tonnes in 2021).

€/100 kg

EUROPEAN UNION - Orange prices, weighted avg (€/100kg)



Tomatoes

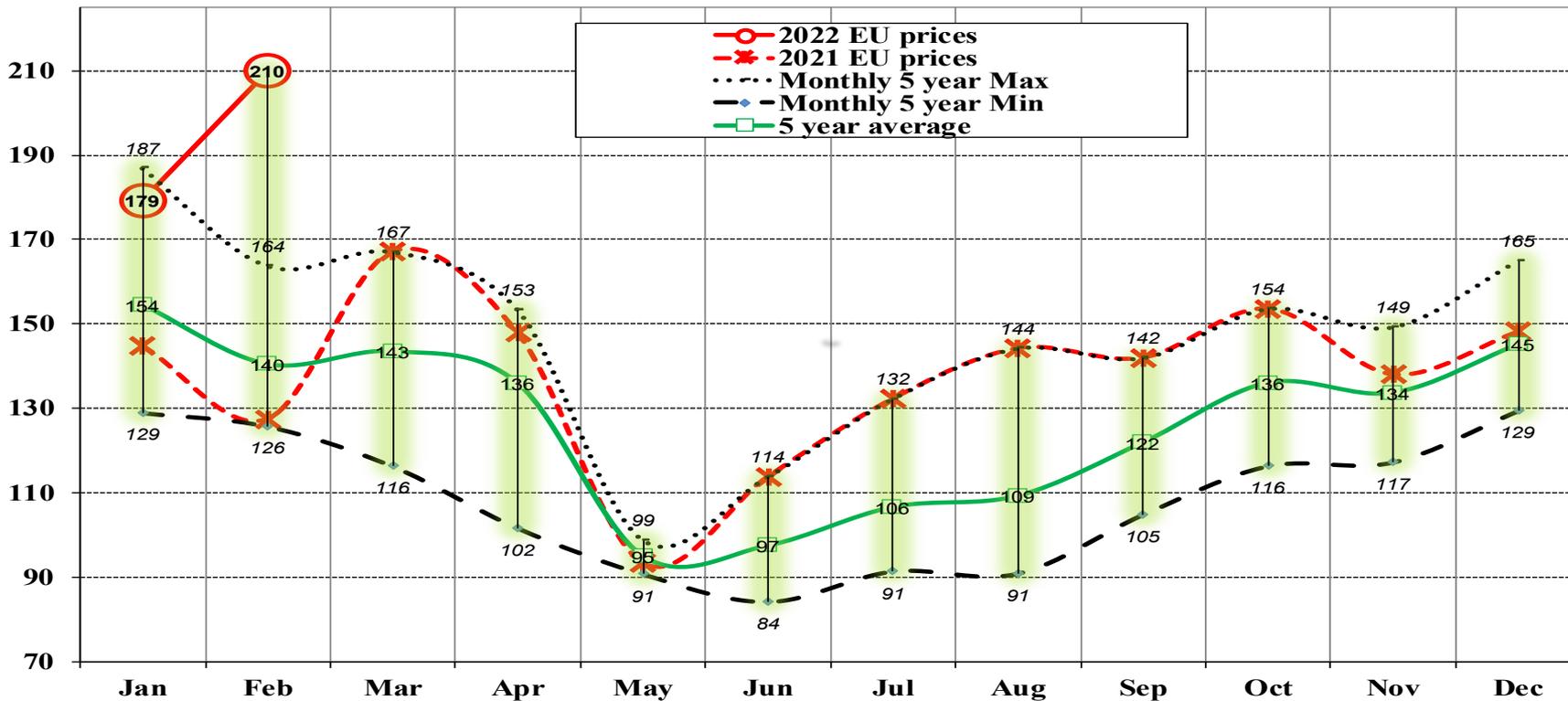
- As a reminder, record high prices for fresh tomatoes in the EU over the summer months in 2021. The EU average calculated price is more than 1,4Kg/EUR with record prices registered in France (more than 3EUR/Kg).
- Prices for winter production so far also high as production is expected to be lower due to switching to other vegetables and/or specialized/smaller size tomatoes as well as a reflection of higher input costs (e.g. NL twice the 5 year average at more than 3EUR/Kg).
- Imports have increased somewhat over the first four months from October to January of the campaign (323K tonnes vs. 295K tonnes) due to import increase from Morocco as well as Turkey. The decreasing export trend of the last seasons is also confirmed for this on-going campaign (89K tonnes vs. 122K tonnes) due to fewer tomatoes exported by NL and ES to the UK. Export exposure to Russia, Ukraine and Belarus is limited (around 18K tonnes in 2021).



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€/100 kg

EUROPEAN UNION - Tomato prices, Avg. (€/100kg)



3. International



Belarus

- 33th export partner, EU agri-food export worth EUR 752 mln in 2021
- EU sanctions
- Belarussian import ban on a range of agri-food products, incl. F&V

Russia

- 6th export partner, EU agri-food export worth EUR 6,9 bln in 2021
- EU sanctions
- Russia's countermeasures
- Impact on the market

Ukraine

- 2021 agrifood imports from UA EUR 6.9 billion and exports EUR 3 billion. In 2020 4th source of agrifood imports and 14th export destination.
- DCFTA and quotas
- Impact of Russian military aggression

Russia-Ukraine war

- EU export of fresh F&V to Ukraine of around 367K tonnes in 2021 (in value Poland most affected MS and citrus, avocados and potatoes most affected products). Including processed, the potential lost export is EUR318M (2021 value). F&V is not the most impacted agri sector and Ukraine is not a major export outlet market for the EU;
- EU exports of fresh F&V to Russia is limited (because of the ban), however exports of processed F&V and flowers/bulbs/live plants are quite significant (1 billion EUR in 2021) and could be entirely lost; Russia third export outlet for those products
- The instability in the region could prompt the suppliers of these countries to consider repositioning their volume towards the EU (bananas, apples, citrus and tomatoes the main products)
- Possible lack of seasonal workers coming from Ukraine when are most needed during the harvest period

- On 6th of December 2022 by Government decree, **Belarus** banned the imports of certain goods originating from the EU (and other countries) as of 1 January 2022 for an initial period of 6 months. The list includes inter-alia all fresh fruits and vegetables (with the exclusion of potato seeds, onions and beans).
- Similar to Russian ban (summer 2014) but much smaller scale (around 0,45M tonnes/EUR244M for Belarus vs. 2,5M tonnes/EUR2bl for Russia)
- Poland is the most exposed MS (EUR127M in 2021) whereas apples and pears are the products most exported (around 100K+ each annually). Preliminary data over the first two months shows a significant reduction in trade flows.

EU-27 exports K tonnes	2013	2014	2015	2016	2018	2020	2021
BELARUS F&V	467	957	1.683	1.283	706	488	450
RUSSIA F&V	2.561	1.735	183	88	95	98	99



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Thank you for your attention!