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Fruchtsaft-Industrie e.V.

Situation of the processing of apples in Europe 2022

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German Fruit Juice Association

26.09.2022, Brussels



Fruit juice industry in EU I in 2021 (Data Base Canadean and own estimates)

- Sales in EU total 2021 (est): 8,5 billion litres, in 2007 still 11,5 billion litres
- 3,3 bn litres lost!
- Favorite tastes: Orange 40%, Apple 25%
- Sales in Germany 2021: 3,06 billion litres
- 700 companies in Europe total, 350 of them in Germany, so 50 % of the companies but only about 35 % of sales
- company size in Germany is below average
- The 10 largest companies account for 80 % of sales in Germany

Fruit juice industry in EU II

- In France ca. 35 manufacturer, in Poland ca. 40 companies, in Portugal 1
- Industry in Western Europe essentially consists of bottling companies of raw materials from all over the world
- Processing of apples, cherries, blackcurrants and rhubarb recently
- In Eastern Europe especially Poland 40 % of EU apples, especially for processing apple juice concentrate
- Italy processing of peaches, apples, apricots, lemons, tomatoes, grapes
- Spain processing of oranges

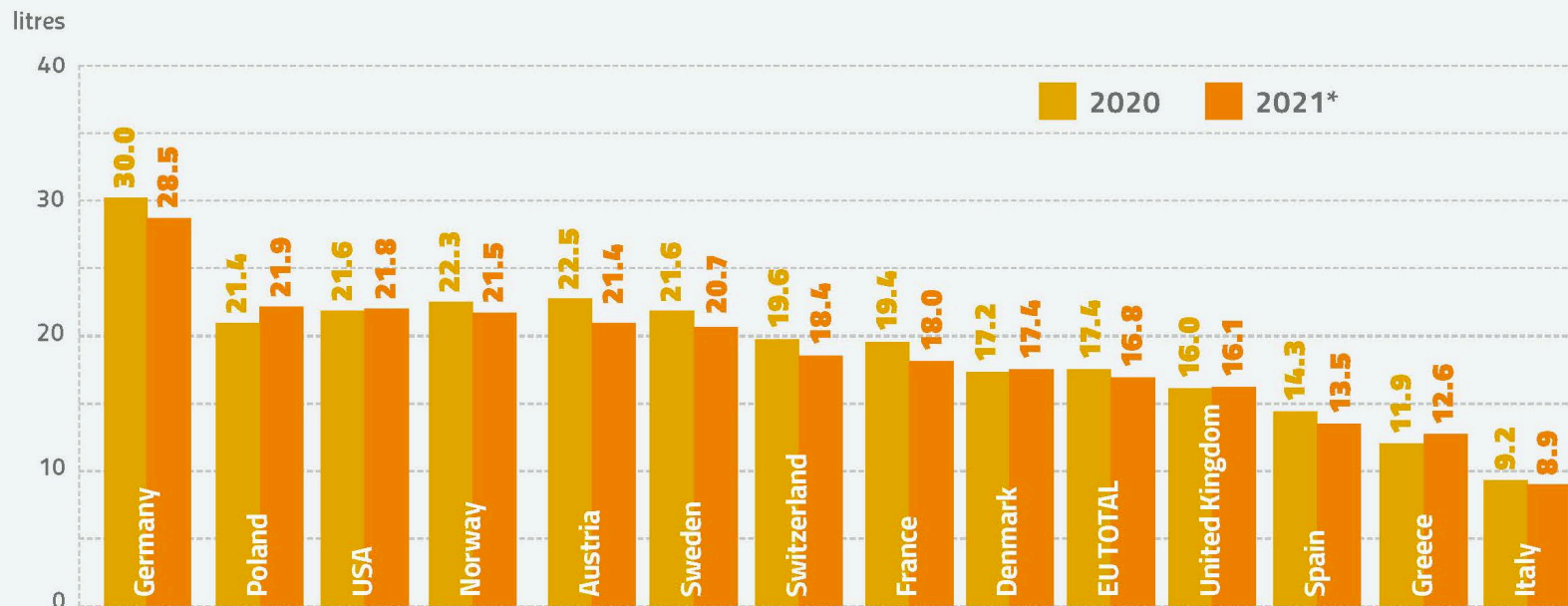
Facts & Figures 2021



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GERMANY IS LEADER IN FRUIT JUICE CONSUMPTION

Per-capita-consumption of fruit juices and nectars 2020/2021* in litres



Source: Verband der deutschen Fruchtsaft-Industrie e.V. (VdF), Bonn; GlobalData Plc, London

*provisional values

Facts & Figures 2021 Germany



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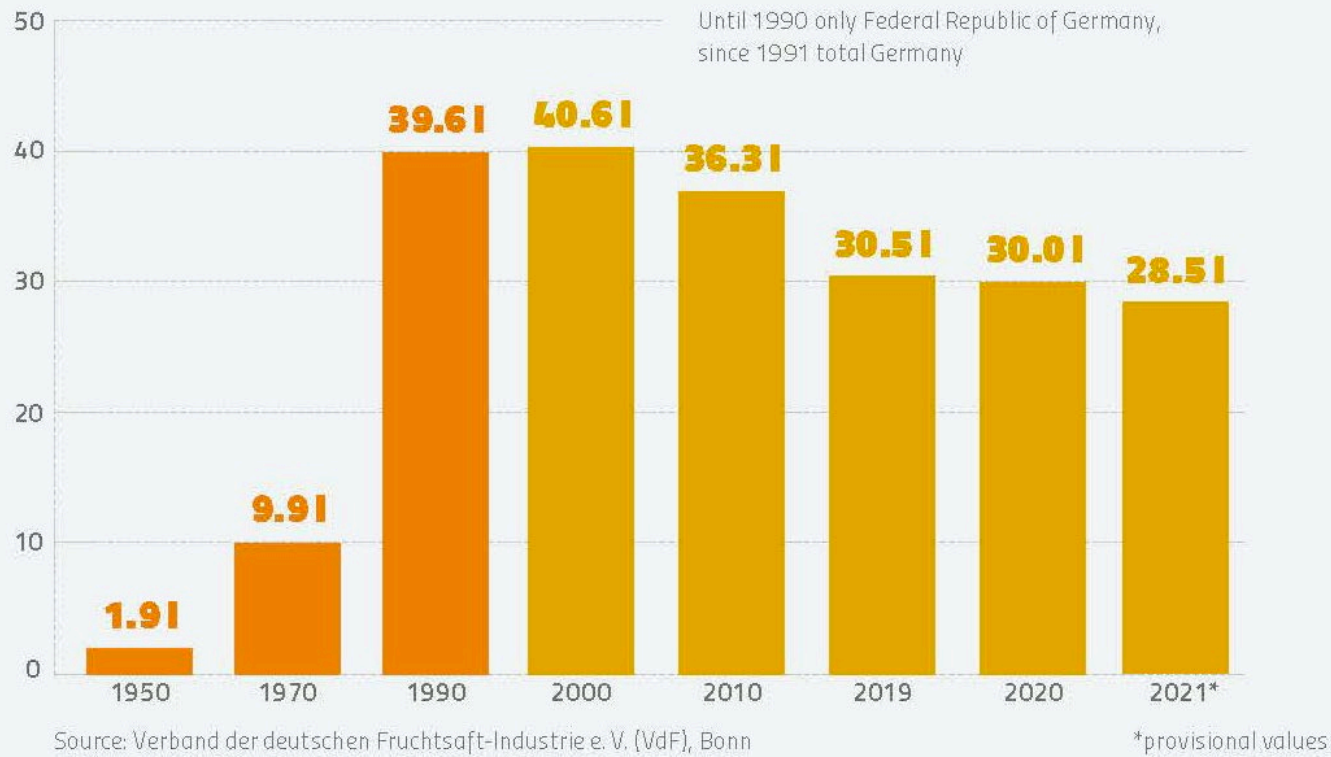


Facts & Figures 2021



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DEVELOPMENT OF PER-CAPITA-CONSUMPTION OF FRUIT JUICES/FRUIT NECTARS IN GERMANY



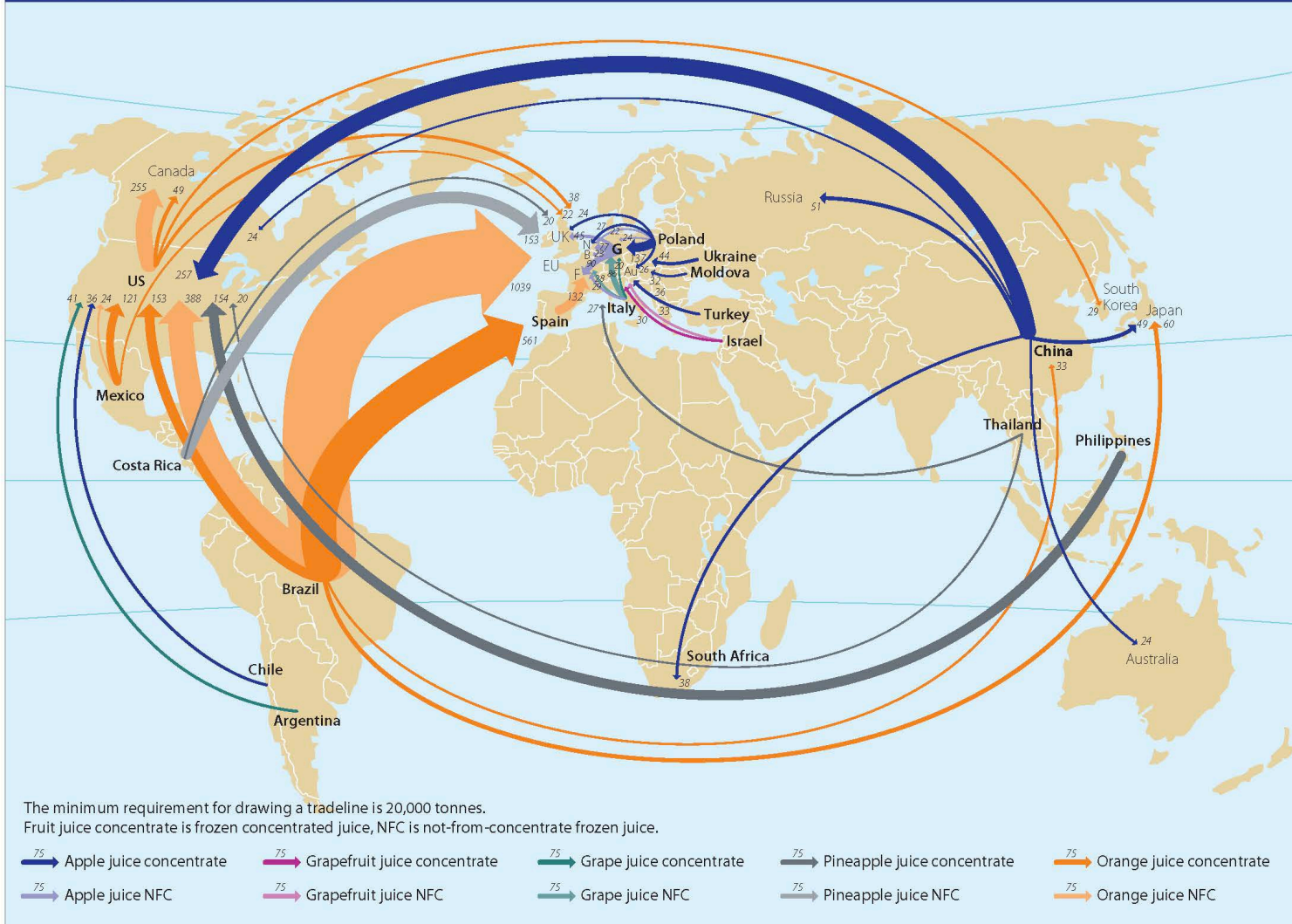
World fruit juice concentrate and NFC trade

(source: Rabobank 2019)



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World fruit juice concentrate and NFC trade





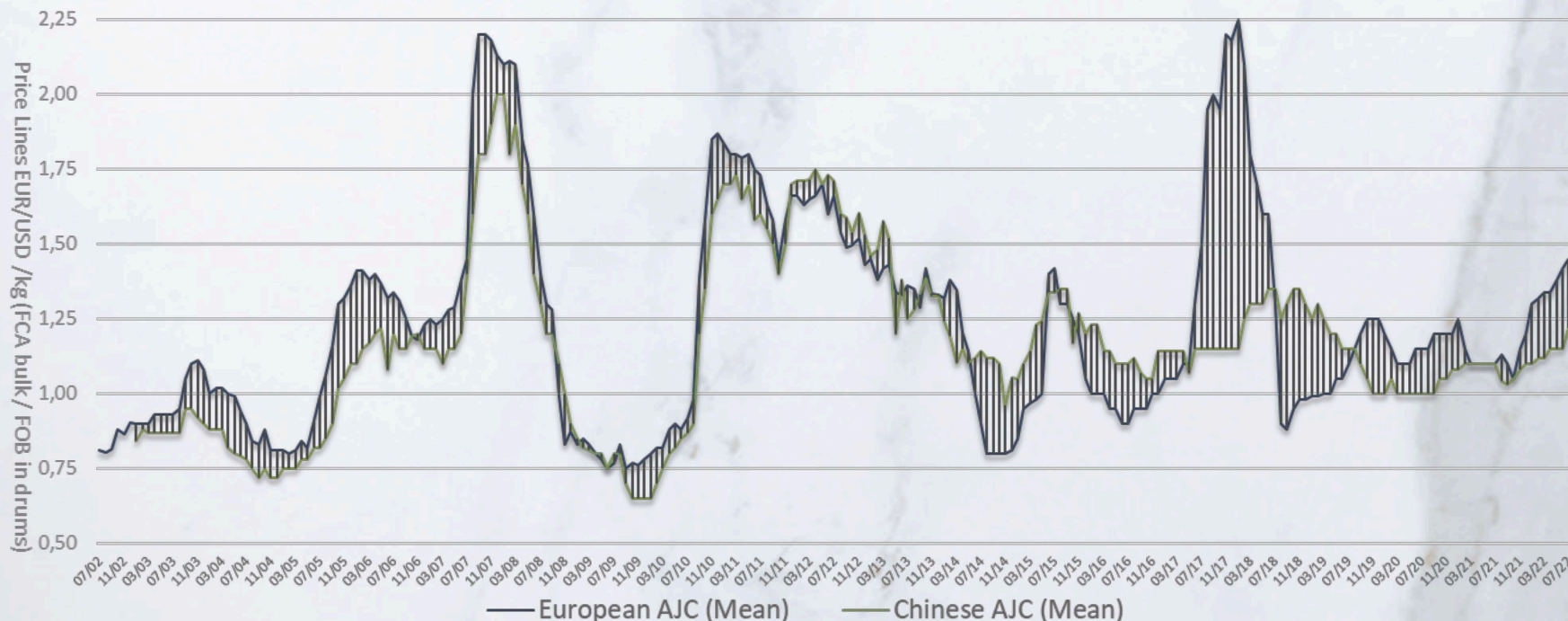
Apple Juice Concentrate / NFC

PROGNOSFRUIT 2022
Franz Ennser



European + Chinese AJC prices

(July 2002 – July 2022)



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Latest development impacting AJC global trade flow

Export volumes in t	2019	2020	2021
China	385 573	420 396	419 099
Poland	347 104	209 019	226 787
Turkey	112 022	135 817	200 579
Chile	41 262	42 231	74 543
Ukraine	101 974	51 103	63 947
Austria	77 597	56 972	55 453
Hungary	42 180	33 466	40 338
Netherlands	23 216	21 025	32 981
Germany	38 697	27 182	25 617
Moldova	58 164	46 328	24 866

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AJC - Imports EU

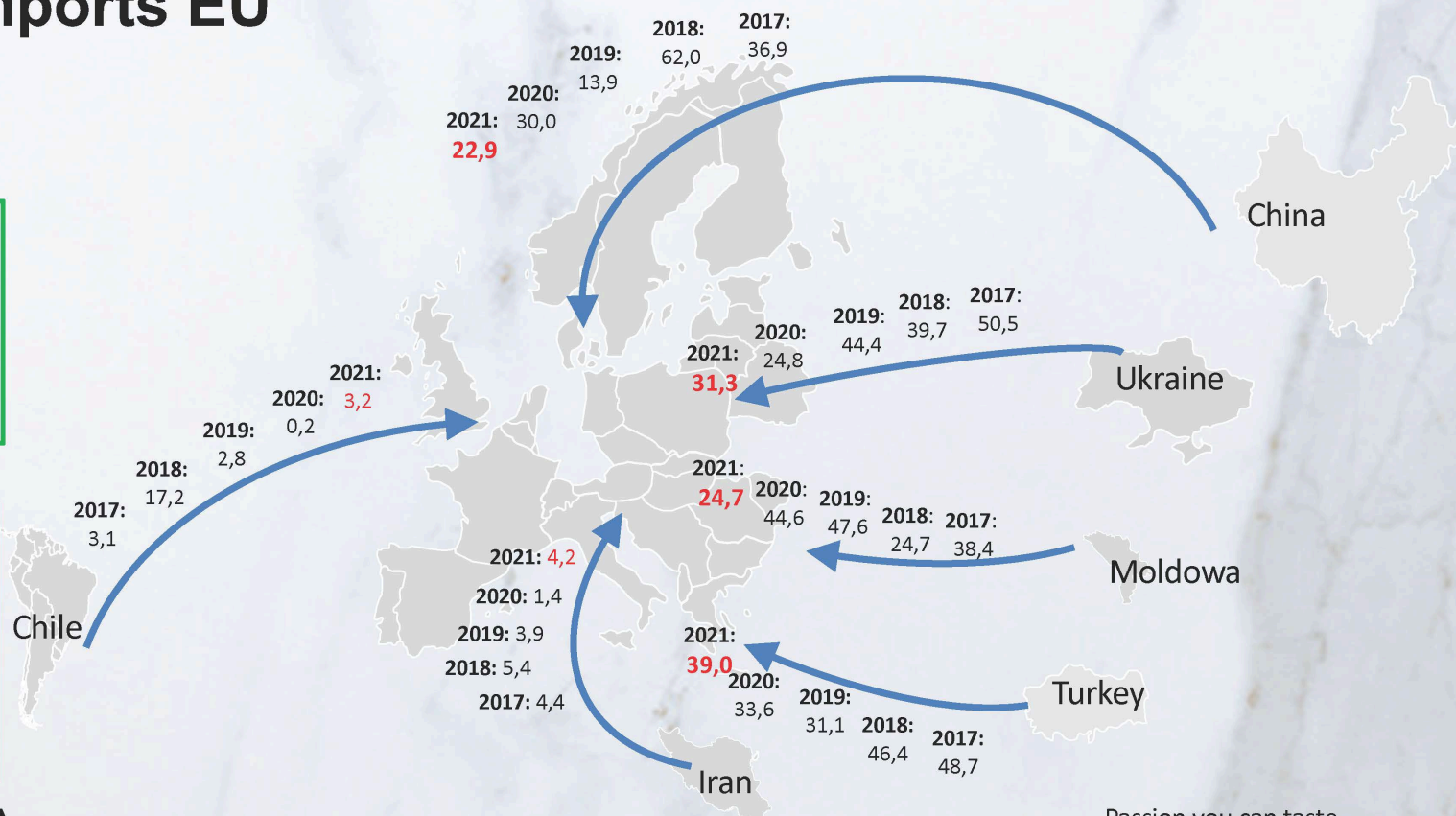
(in 1.000 t)

Imports EU total:

2017: 183,0
2018: 216,6
2019: 164,0
2020: 161,9
2021: 145,6

Imports others 2021:

Serbia: 8,8
Switzerland: 4,3
Georgia: 2,4
UK: 1,7
Brasil: 1,0
Macedonia: 0,9



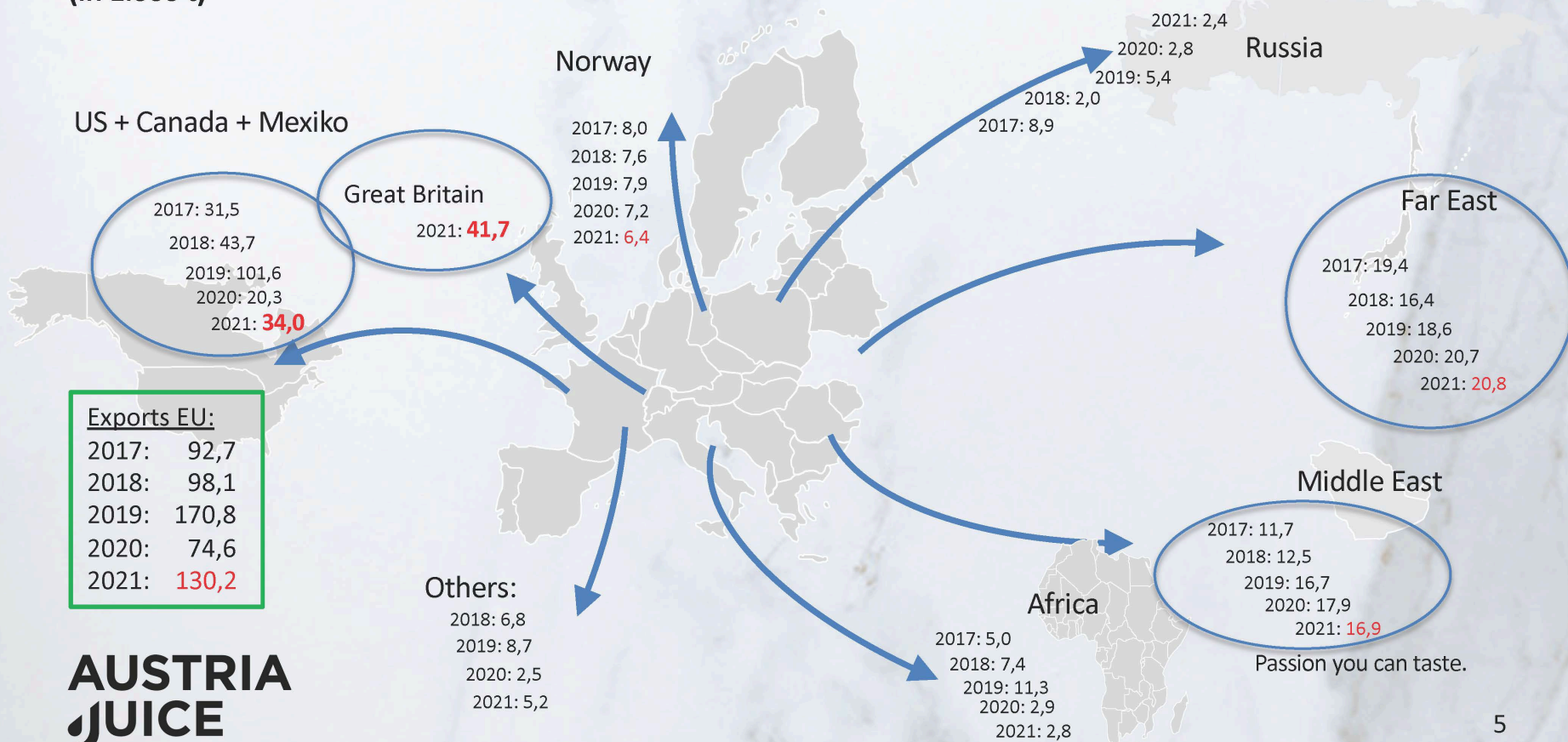
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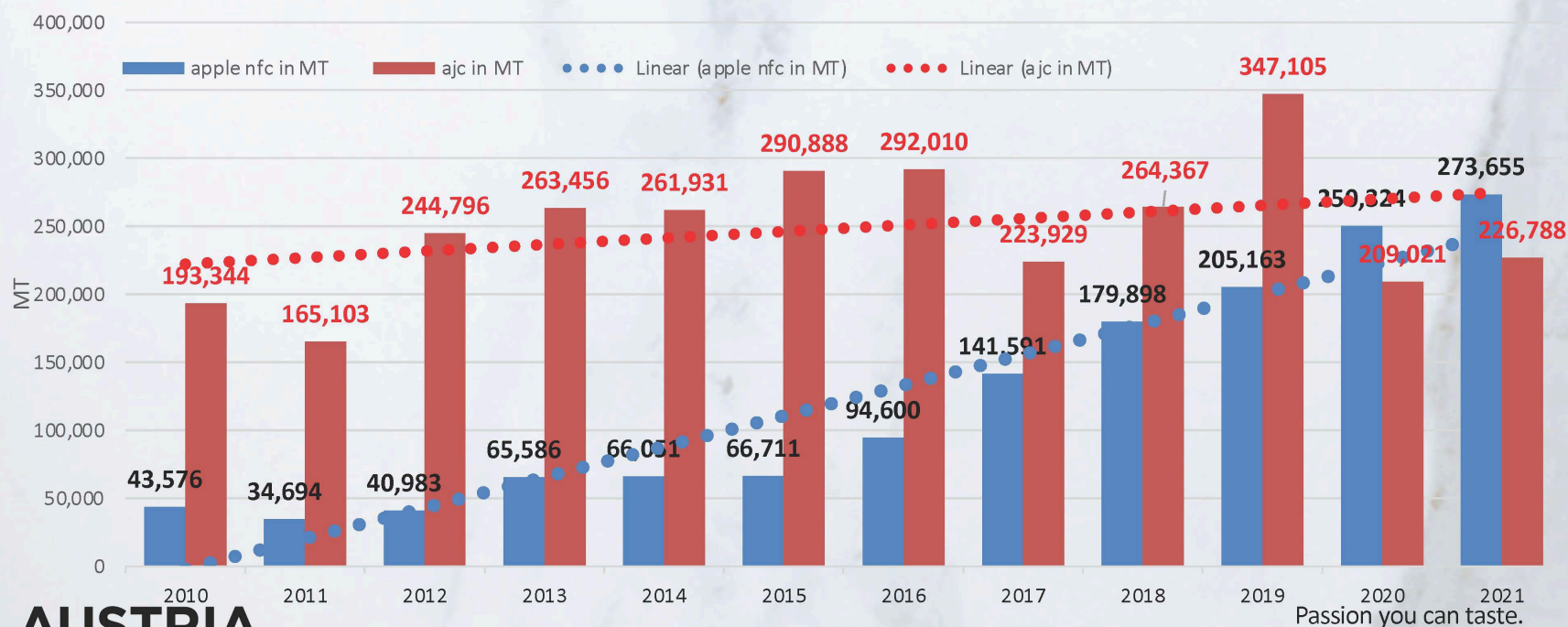
AJC - Exports EU

(in 1.000 t)





Development of NFC and AJC exports Poland



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World Container Index



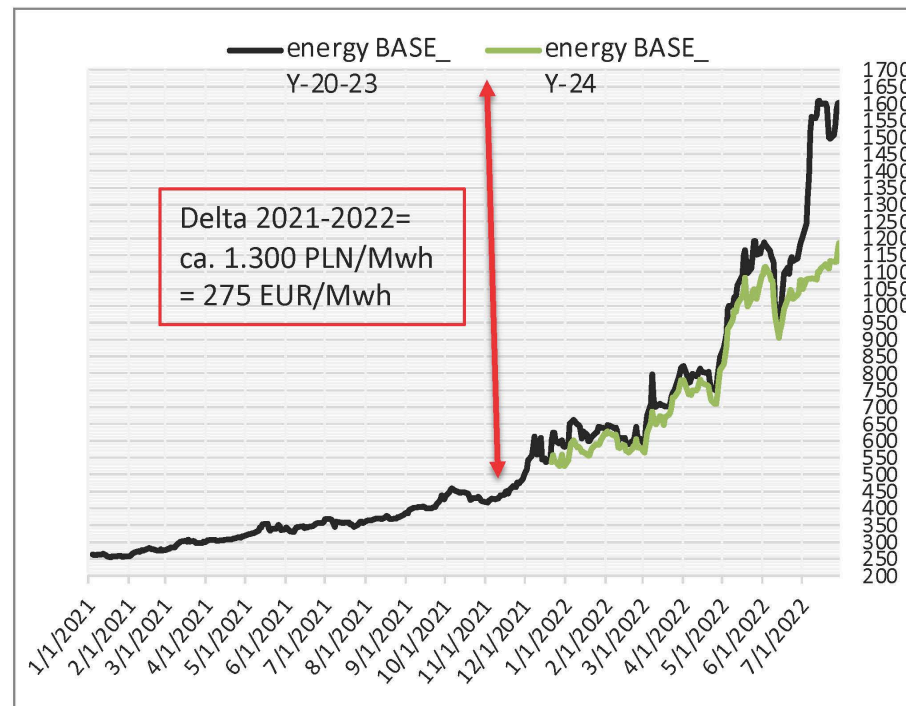
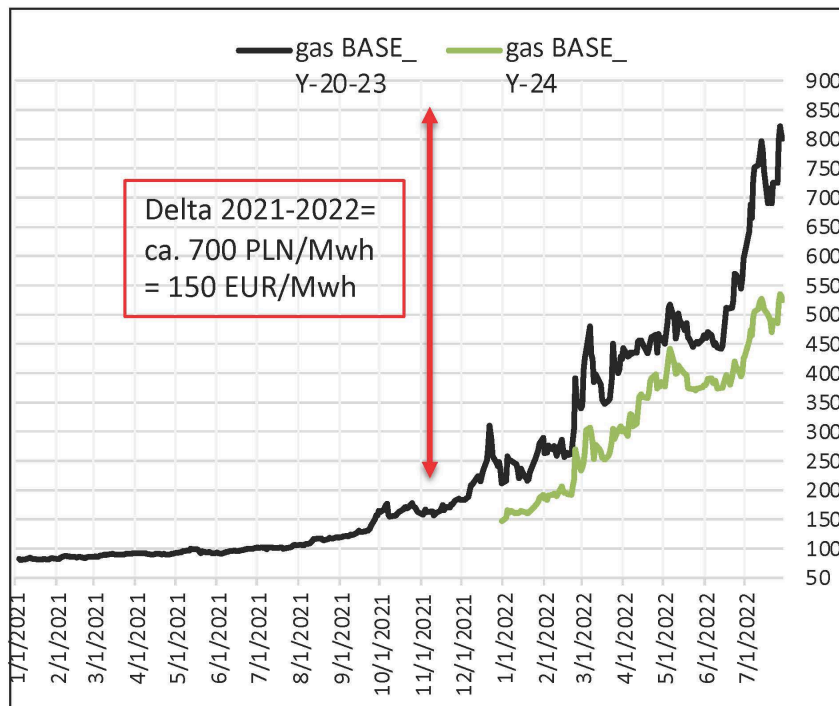
Source: Drewry Supply Chain Advisors

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Development of gas & electricity prices in Poland



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Outlook for 2022

Starting point:

- **AJC stocks** in EU/Non-EU **on average level, recovery of demand after 2 years Covid**
- **Competitiveness against China** in US/Canada/South Africa for European AJC ?
- AJC production in Ukraine ?

Challenges:

- Freight costs push up prices for imports of (sweet) AJC (China, Turkey,...)
- Reliability of supply chain due to limited container availability & risk of port closures
- **Increasing energy costs -> significant impact on production costs (Europe + China)**
- Import duties from China into US ??
- Inflation-increase -> impact on consumption ?

Opportunities:

- Rising demand for NFC in Europe (Focus Poland)
- Growing interest for sustainability/sustainable AJC

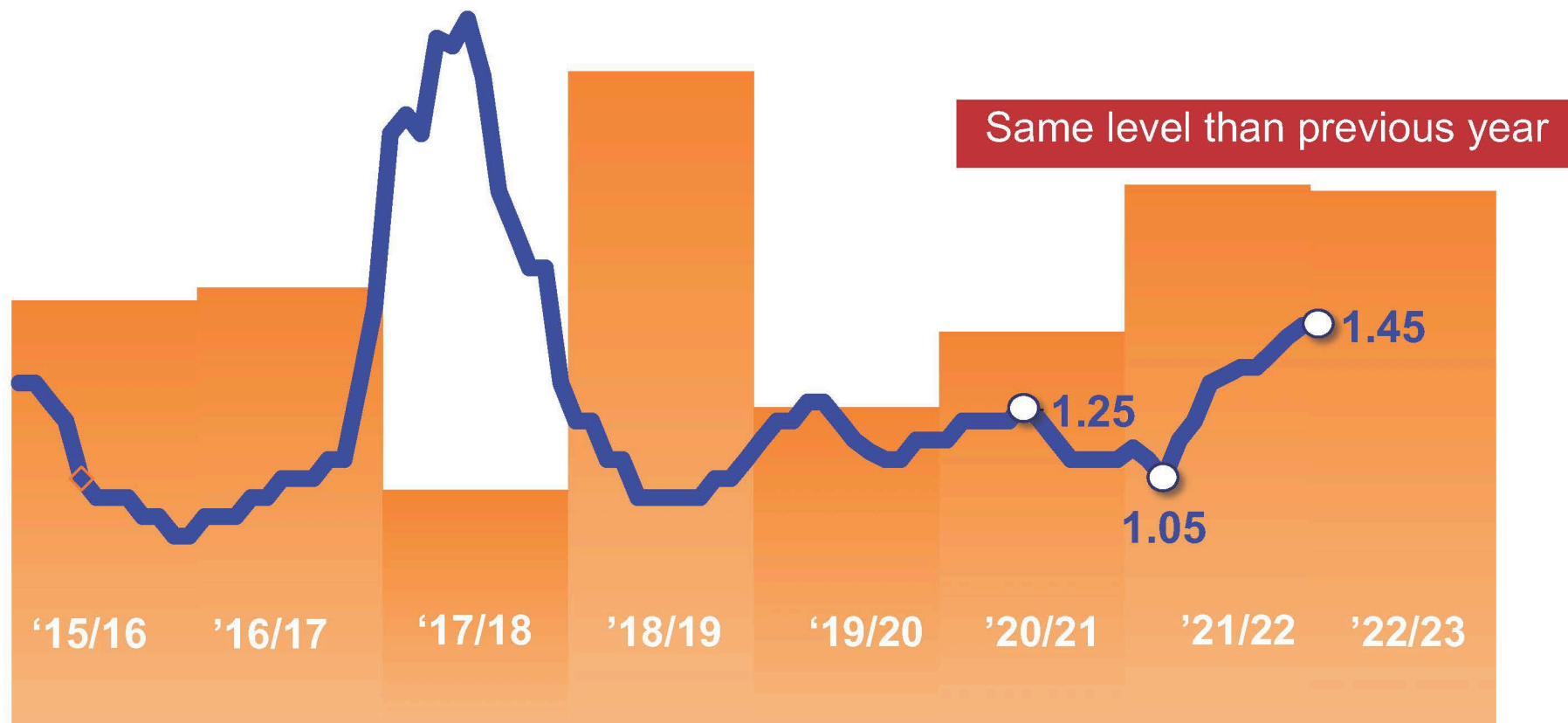
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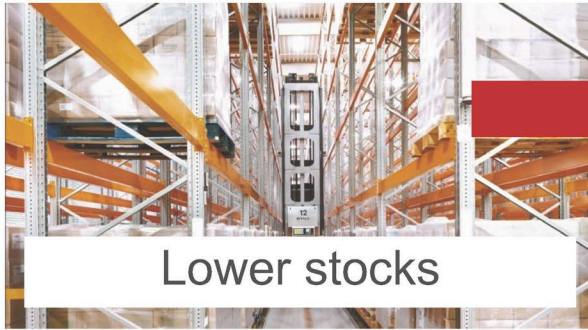
Abundant processing, but receptive market



Calculation apple harvest for processing (volume EU market production and backyard, Turkey, Ukraine, Moldova, Serbia), European AJC EUR/ kg (Mean)



Receptive market



Lower stocks

Good starting position

- Stocks of AJC and NFC below average
- Processing industry particularly absorptive
- Still strong exports to US market?



More Polish apples

Volume

- Earlier season start, exception Poland
- More Polish processing (70-72 % of crop expected)
- German backyards – on average 500.000 t – without water lower crop?



China – less crop and cost

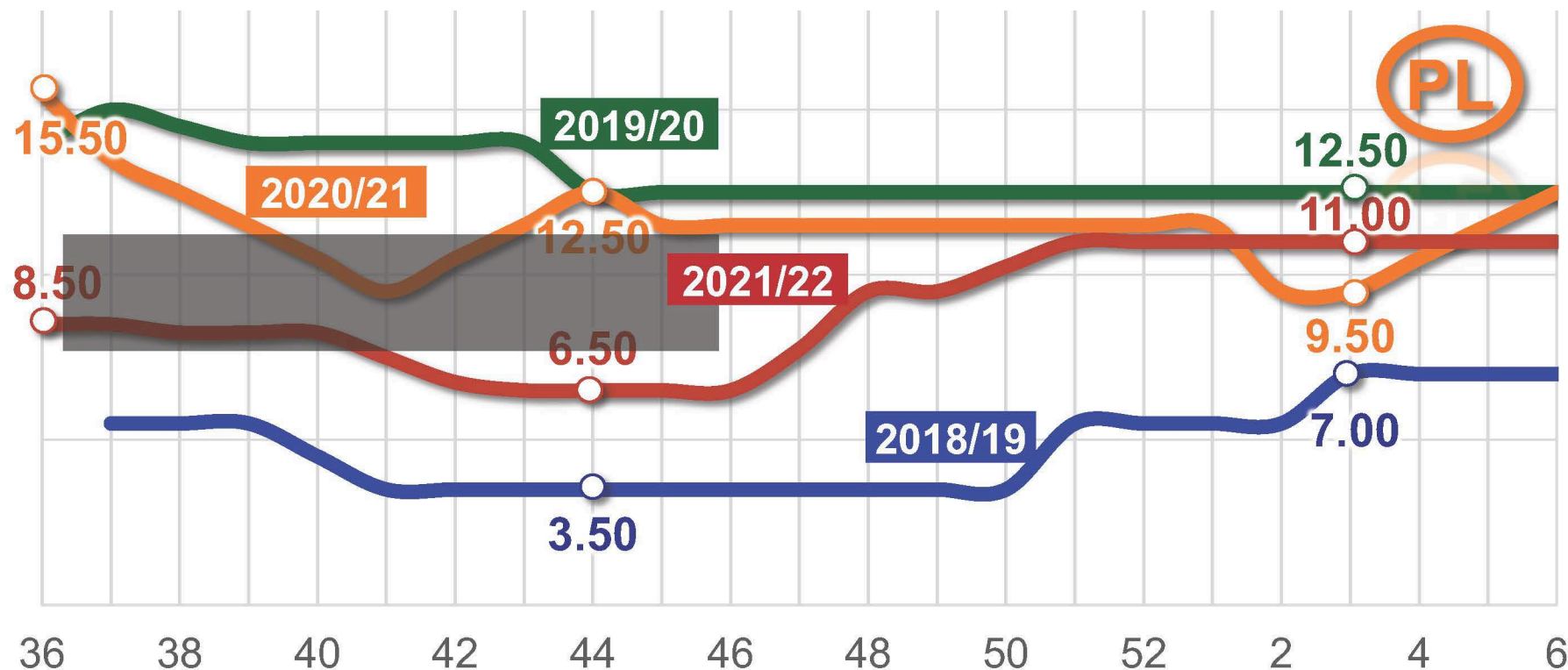
Cost, war and transport

- Cost for producing AJC + 50-60 %
- China has lower crop and gets cheaper price for RUS gas, transport costs slightly lower
- Export to US market - more competition between China and EU?
- Could Ukraine (100.000 t AJC) supply?

Higher price level than previous year?



Polish processing apples – price free industry, in EUR/100 kg



Processing apples (Sep/Oct)	2017	2018	2019	2020	2021	2022
POL free industry EUR/100kg	18-23	3,5-5,5	12-14,5	11-12	6,5-8,5	8-11

Situation in harvest September 2022

The market can be described with the word „insecurity“

How high will be the processing costs?

Can we sell the produced Apple juice concentrate?

How will the consumers react?

Will they buy juices or go to cheaper alternatives?

Factors regarding processing



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- Usual price for apple juice concentrate consists of raw material price per ton plus approximately 300 Euros per ton energy costs
- In 2022 energy costs at least doubled, so processing is minimum 600 Euros per ton
- Price for apples free processing site 1,000 – 1,400 Euro per ton plus processing costs requires 1,500 – 2,000 Euro per ton for AJC
- Apple production China is estimated on 36 million tons, **22 % lower than 2021 and 18 % below average of the last three years**
- Trump-Import duties in the US for chinese AJC remain
- Poland is the biggest producer of AJC and needs to export to the US at a competitive price
- How will freight-rates develop?

How much money is left in the consumers pocket?

- Inflation in Europe is around 10 %
- Higher percentage for energy costs reduces spending money
- Consumers can not safe on housing, rent, loans, mobility, telecommunication
- Spendings can be reduced at furniture, textiles and especially fast moving consumer goods (fmcg)
- Weekly shopping trip for food and drinks is a possibility to save money



Our wishes for the apple market

- Table apples are on decline since years
- Export markets too sensitive and weak (Northern Africa and Russia)
- Apple juice consumption is declining (Sugar debate, more expensive than Ice Tea)
- Apple production is growing
- Western Europe markets overcrowded and apples often in Processing

Result: Too much apples in Europe (and the world)

Wishes:

- No more subsidies for apple trees
- No state help for market intervention (Milk in the seventies)
- If farming subsidies: Sustainability as minimum request FSA/SAI

Energy cost and consum reduction for average household (Heitlinger, Germany)

- Consumption per year round 25.000 kilowatt hours of gas
- Monthly costs till September 2022 144,- Euros per month
- New contract starting October 2022 442,- Euros per month
- plus gas payments for Juniper 3 Cents per kilowatt hour 600 Euros per year
- Higher electricity cost for 2,600 kilowatt hours per year
monthly cost until September 2022 **80,-** Euros per month
- Starting November 2022 **120** Euros per month
- **Less purchasing power 400 - 500 Euro per month
because of higher energy costs**



**Thank you for your
attention!**

your questions please!