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DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E – Markets
The Director

Brussels,
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MINUTES

Meeting of the Expert Group Fruit and Vegetables Market Observatory - Stone Fruit

2 June 2023

Chair: AGRI.E2

All organisations were present, except COPA and WUWM.

1. Approval of the agenda and of the minutes of previous meeting

2. Nature of the meeting

The meeting was non-public. Commission representatives and experts attended in hybrid modality (partly in presence and partly through Interactio).

3. List of points discussed

3.1. Market situation: overview of season 2022 and forecast season 2023

a) Spain

In the north, production for 2023 is impacted by significant water deficit. Last year rainfall was 25%-50% lower than usual. Little snowfall in Pyrenees last winter further decreased water reserves. In Aragón and Cataluña thousands of hectares are at high risk of production loss. Volumes are reduced due to small size of fruit. Furthermore, some fruits do not meet marketing standards and cannot be commercialised.

On the contrary, in the south, after damages to early fruit by frost in Extremadura and problems with pollination of apricots in Murcia, production further suffers from water excess (daily storms) in both these regions. As a result, beginning of season is marked by short production and small sizes often below the marketing standards' requirements. Very high losses in apricots and cherries (about 50%). Commercialisation is also complicated due to short shelf life of fruit that is less resistant due to adverse weather it was exposed to.

As these weather events are still ongoing, forecast made by Europeach in May is already out of date. A 20%-30% revision downward is expected.

Difficulties related to bad weather are only one of many challenges the sector is facing. Others mentioned are:

- loss of markets (Russia, Belarus, partly Ukraine and to some extent UK) - although it has been the case for many years and sector is better adapted now, it is still felt;

- increase in costs related to production, packaging and transport (while fuel prices went down this year, fertilisers, workforce, insurance, interest rates kept going up) – total costs including also additional taxes on plastic, are +6 % on top of the last year 40% increase;

- phytosanitary restrictions that decrease productivity;

- more difficult access to financing;

- Spanish law obliging payment of suppliers within 30 days;

- consumers' loss of purchasing power.

At the very beginning of the season, prices were good (+15% for nectarines and +22% for peaches) and sales smooth; high temperatures phased harvest for most products, with excellent quality (Brix 10 first time achieved for April stone fruit ever), and good weather in destination countries stimulated demand. There were no stocks.

However, aggressive promotion campaigns by Aldi, ultimately copied by other supermarkets negatively affected the market prices. As products are perishable, difficult to store or export, these 'abusive' practices make growers vulnerable and small growers are quitting.

b) Italy

After two years of scarce production, the 2022 harvest was good. There were only some local weather events creating minor losses. The small decrease of production observed (with reference to 2019) was due to long ongoing decrease in production areas happening in northern regions and concerning mainly peach production (less profitable).

Peaches and nectarines: Demand was good, especially from mid-June to early July. Scarcity of Spanish product created opportunities for Italian fruit also on foreign markets. Small sizes dominated due to drought, but sugar content was high, sales were going smoothly, and prices offered were correct.

Apricots: good campaign, especially its second half. Alike peaches and nectarines, apricots were also characterised by small size, but prices were satisfactory.

On the other side, production costs were high; from energy and raw materials to packaging and labour.

For 2023, after mild winter and amid flowering, Northern regions were hit by frost (April) which resulted in significant production losses. The national forecast made in late

May, estimated peaches and nectarines production volumes at 933.000 tonnes, -8% compared to 2022 and -24% compared to 2019, which was a very good year in terms of realisation of the production potential. Then heavy rains and floods further damaged production areas especially in Emilia-Romania, losses are still being assessed. Production in the southern regions is considered good.

Prices and marketing – as the season in Italy starts later than in Spain it is too early to speak about the market dynamics. Currently, demand is strong, especially for apricots, however developments are still difficult to predict, as last year Italian product entered foreign markets and this year it will face competition from Spanish fruit.

c) France

Production is expected to be good, no major widespread weather event has been recorded. There was a serious risk of drought in Roussillion, but recent rainfall has already eliminated it. Now, however, there is too much rain, occasionally accompanied by hail. These local, but numerous weather events combined could result in about 5-10% production loss, but exact impact is yet to be assessed.

Insurance is expensive and not all risks can be covered (e.g. no coverage for canicule). A reform is needed and a reflection on it is ongoing involving trade unions and administration. For instance, due to water shortages, there was an administrative decision prohibiting any irrigation. Losses occurred as a result of this decision were not covered by insurance.

In France production is nowadays at 50% of what it used to be 20 years ago; decrease was caused by competition from other member states. In last 4-5 years it has been stable, the potential is at 200-250 thousand tonnes, 10% of the EU production. 90% of French fruit is consumed on the domestic market, in France there is a strong preference for local produce; 80% of production is managed by an Association of Producer Organisations.

Quality of product and of processes is extremely important as relatively high prices of French fruit need to be justified to consumers. Verger Ecoresponsable is a widely known label certifying such quality. There is also lot of research on new varieties (including on flat nectarines). The difficulty lies in accessibility of innovative product. One variety can be commercialised for about 10 days. To ensure that a product with certain characteristics is available throughout campaign (2-3 months), about 10 varieties with these characteristics are needed.

d) Greece

2022 was a good year for Greek producers of peaches and apricots. The main problems related to high costs of production and processing, lack of workforce both in fields and processing plants, summer storms that happen when the fruit is ripe and fragile.

Apricots – the aim is to process 40.000 tonnes. Last year it was possible to process 15.000-20.000 tonnes into jams or frozen, 15.000 tonnes went to juice production. Market was very good with high demand. Price offered was 380 €/tonne.

Peaches (clingstone) – 450.000 tonnes bought by industry. Part of product could not be harvested due to heavy rainfall in some cases and shortage of workers in others. 350.000 tonnes were processed into jams or frozen, the rest was exported. Prices were high, 310-330 €/tonnes in case of fruit for jam or frozen, 180-250 €/tonne was offered for fruit for juice. There was an increase in quantity of peaches going into juices (14 Mio pallets with 11 Mio being an average) but it had a negative impact on prices.

In 2023,. spring frost happened only at local level, but it has been raining a lot, daily, recently and this is having an impact on the quality of fruit and production costs (more insecticides needed).

Regarding apricots, production progresses well in Peloponnese, but Macedonia and Thessaly could have 50% of production damaged by weather conditions. Therefore, shortage of apricots for industry is expected.

Concerning peaches, a production 20% lower than last year is expected, but last year it was above the industrial capacity. Current daily rains and occasional hail could, however, still further reduce it, especially for peaches for jams and frozen. In case fruit is too damaged, it would be used for juice.

All farmers are obliged to subscribe an insurance policy. However, not all weather events are covered and that leads to complaints. A dialogue is ongoing.

50% of exports are intra-EU. Other destinations are: the UK, the US, Asia (mainly South Korea). Agreement with Mercosur countries could be an opportunity to expand on new markets. Main competitors are China (though they have huge internal market), Spain and Italy, South Africa (though last years' droughts led to decrease in production), Argentina, Chile and the US (California).

Loss of Russian market remains a challenge. Last year, the market situation was good because of low harvest in Spain but this year it is to be seen. Consumption might go down with jam prices that went up from € 0.99 per jar to 1.99.

3.2. EU forecast for apricots and peaches & nectarines season 2023

The forecasts for apricots and peaches and nectarines date respectively from end of April and mid-May. Given ongoing adverse weather events in several producing regions it is now obvious that estimations will be reviewed downwards.

Apricots

The EU production of apricots in 2022 was at about 540.000 tonnes with Italy harvesting 275.600 tonnes, France 123.200 tonnes, Greece 75.000 tonnes and Spain, that suffered big losses – 64.800 tonnes.

According to the April forecast, in 2023 it was expected that the EU production would be just above 500.000 tonnes: close to 100.000 tonnes in Spain, in Italy just above 200.000 tonnes, in France about 125.000, in Greece about 75.000 tonnes. These volumes are now unattainable though.

Peaches and nectarines

The EU production of peaches and nectarines in 2022 was about 3 Mio tonnes with Spain harvesting 1.033.100 tonnes, Italy 1.014.200 tonnes, Greece 699.300 tonnes and France 228.800 tonnes.

According to May forecast for 2023 campaign, a harvest of about 3,38 Mio tonnes was expected with Spain recovering its production and marketing slightly above 1,5

Mio tonnes, France close to its 2022 levels harvesting about 230.000 tonnes and Italy and Greece, after unfavourable weather damaging part of fruit, harvesting 930.000 and 665.000 tonnes respectively. Once again, it was emphasized that these figures did not take into account several adverse weather events, including floods in Emilia Romagna that would reduce final volumes.

3.3. Medium Term Outlook: perspectives for the stone fruit sector (production, trade and consumption)[1]

Due to a lack of time this point was cancelled. The members of the MO got the information by email and were invited to reply to an online questionnaire on the expected medium-term trends for the peaches and nectarines market.

3.4. Evolution of sales and prices at consumers' level

Although inflation has been falling for several months now, food inflation still remains high, at 13.5% in April 2023. This has had a significant impact on consumers' purchasing power and their shopping habits and preferences. While the value of retail sales grew in 2022 by 2.9%, this was mainly due to higher prices, the volumes meanwhile decreased by -4.9%.

Unfortunately, some consumers replaced, at least partially, fresh products (fish, meat, fruit and veg) with pasta, rice and canned products. Others kept buying similar products but abandoned organic products and branded goods for private label products. Other observed trends were preference for shopping in supermarket or discount and search for promotional campaigns.

It is expected that volumes and prices will stabilise by the second half of 2023 and that sustainability will come back as an important driver for consumers. The increase of private labels and the preference for supermarkets and discounts are trends that will remain.

3.5. Monitoring of extreme weather events

Joint Research Centre presented their work for the MARS AGRI4CAST on monitoring weather events and crops development. The system, which is in place since 1992 in the EU, provides mainly information on the monitoring of cereals, is now adjusted to suit monitoring of orchards. JRC gave an overview of the meteorological data and indicators used together with crop grow models. It was highlighted the potential of the systems, such as the superposition of weather maps and maps showing the orchards distribution in the EU in order to estimate potential damages to production. The system also has its limitations, for instance the fact that grid cell for special distribution of crops is 25kmx25km, so it is impossible to trace very local events and one weather event can be reported per grid cell.

3.6. A.O.B.

4. Next steps

[1] https://ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/markets/outlook/medium-term_en

AGRI.E2: Publication of the report and presentations on the F&V MO website.

5. Next meeting

The next meeting of the sub-group on stone fruit is scheduled for 2024 (date to be confirmed).

6. List of participants

See Annex

[e-signed]

Pierre BASCOU

List of participants– Minutes

Meeting of the Expert Group Fruit and Vegetables Market Observatory – Stone Fruit

2 June 2023

Organisations
A.R.E.F.L.H.
EUCOFEL
EuroCommerce
European agri-cooperatives (COGECA)
European Coordination Via Campesina (ECVC)
European Council of Young farmers (CEJA)
FRESHFEL
European Association of Fruit and Vegetable Processors (PROFEL)
External Expert