

# **F&V market situation**

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

***F&V – October 2021***



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# Structure of the presentation

***1. Overall F&V market situation***

***2. Zoom in on main products***

***3. International***

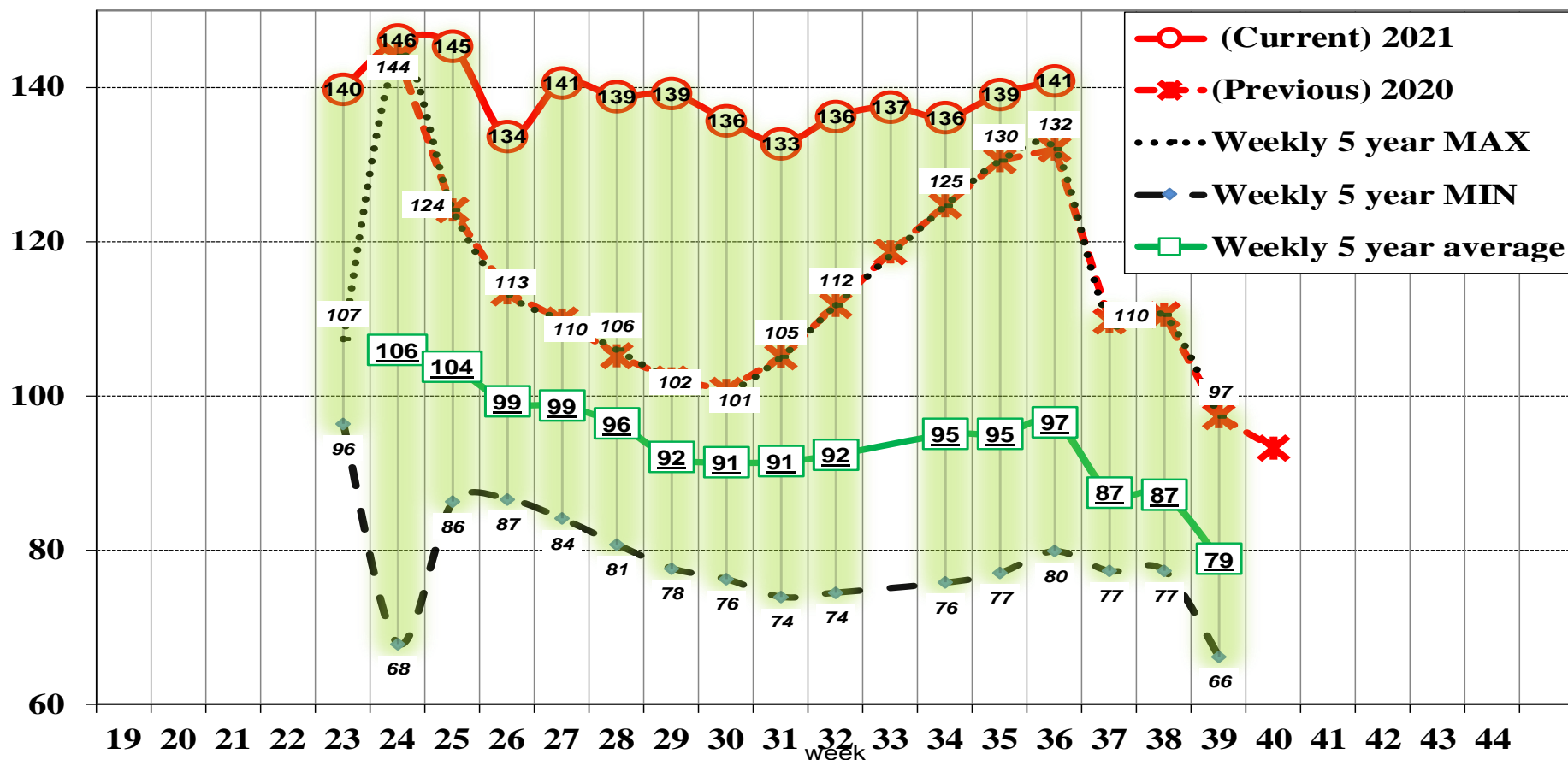
# 1. Overall F&V market situation



- Weather conditions in Europe throughout 2021 have been very volatile with periods of warmer than average temperatures followed by extreme weather events like frost, hail, storms, and the most recent flooding/fires in summer
- The most impactful event was the out-of-season frost that hit Europe with temperatures going below zero over the second week of April causing major damage in orchards growing stone fruits and pip fruits (especially pears) in widespread areas of the EU.
- The production in certain areas and for certain products has been more than halved with consequently fewer and more expensive products available on the market to European consumers.
- One prime example is peaches/nectarins where record-high prices have been observed so far for the 2021/22 campaign especially in France, Greece and Italy given the record low volumes (at 2.8M tonnes for the EU i.e. a drop of 20% compared to an already record low production of 2020) 5

€/100

## EUROPEAN UNION - Peach prices (€/100kg)



## Inflation

EU-27	04/20	05/20	06/20	07/20	08/20	09/20	12/20	03/21	06/21	07/21	08/21
<b>Inflation</b>	0.6	0.5	0.7	0.8	0.4	0.2	0.3	1.7	2.2	2.5	3.2
<b>Food</b>	4.5	4.1	3.7	2.3	1.9	1.9	1.1	0.6	0.3	1.5	2.0
<b>Fruits</b>	11.8	14.1	13.8	10.8	9.9	9.3	4.5	2.8	-2.9	-1.6	0.0
<b>Vegetables</b>	5.9	3.2	1.9	-2.4	-3.5	-1.8	-1.2	-0.7	-1.3	2.6	4.4
<b>Potatoes</b>	1.0	-3.9	-6.6	-10.0	-11.9	-12.7	-12.7	-13.3	-7.4	-1.6	2.7
Eurostat - Percentage change m/m-12											

- **Inflation for EU27 at highest level** in almost 3 years (Oct 2018) and expected to further increase due to reopening of economies and increases in energy prices
- Increase also in annual consumer food price inflation but still at low levels at 2% after the spikes at the beginning of the pandemics in April 2020 (although increase in energy prices might affect food prices too)

## Extra-EU Trade (up to June 21)

- During the first half of 2021, EU27 agri-food trade (exports plus imports) reached a value of €157.1 billion; i.e. 3% more than in January-June 2020. **EU27 exports increased by almost 6%** compared to the corresponding period in 2020, reaching €95.3 billion. EU27 imports attained €61.8 billion, 1% less than the same six months period in 2020.
- the EU27 agri-food trade surplus' value stood at €33.5 billion, an increase of 21% compared to the corresponding period in 2020. This net trade balance remained to be driven by high exports of wine, pig meat, infant food, chocolate and confectionary, pasta and pastry
- Although positive signs of recovery since April, the EU27 export values to the United Kingdom are still down by 446 m or 2% for first 6 months YoY → given the importance of UK for F&V, the sector shows opposite trends than agri-food sector as a whole



## Extra-EU Trade (up to June 21)

Extra-EU Exports - June 2021			
Macro categories	Bil EUR	Change YoY	EU position
Preparation of vegetables, fruits and nuts	3,6	4%	Net exporter
Vegetables (fresh, chilled and dried)	2,9	-6%	Net exporter
Fruits (excl. Citrus and tropical)	1,9	-4%	Net importer
Extra-EU Imports - June 2021			
Macro categories	Bil EUR	Change YoY	EU position
Tropical fruits (incl. Nuts and spices)	6,4	-10%	Net importer
Fruits (excl. Citrus and tropical)	3,6	1%	Net importer
Vegetables (fresh, chilled and dried)	2,5	stable	Net exporter
Preparation of vegetables, fruits and nuts	1,8	1%	Net exporter

[monitoring-agri-food-trade\\_jun2021\\_en.pdf \(europa.eu\)](#)

## Intra-EU trade (up to June 21)

EUR Bil	2020	2021	Change %	First MS	First product
FRESH VEG	10,8	11,2	4%	ES (EUR3,5bl)	fresh tomatoes (EUR1,7bl)
FRESH FRUIT	6,8	7,3	7%	ES (EUR2,2bl)	strawberries (EUR0,9bl)
FV PREPARATIONS	6,4	6,6	2%	NL (EUR1,4bl)	frozed potatoes (EUR1bl)
TROP FRUIT	4,4	4,6	4%	NL (EUR1,7bl)	bananas (EUR1,1bl)
CITRUS FRUIT	2,6	2,4	-7%	ES (EUR1,6bl)	orange (EUR0,9bl)
JUICES	2,1	2,1	1%	NL (EUR0,7bl)	orange juice (EUR0,4bl)
Total	33,2	34,2	3%	ES (EUR9bl)	fresh tomatoes (EUR1,7bl)

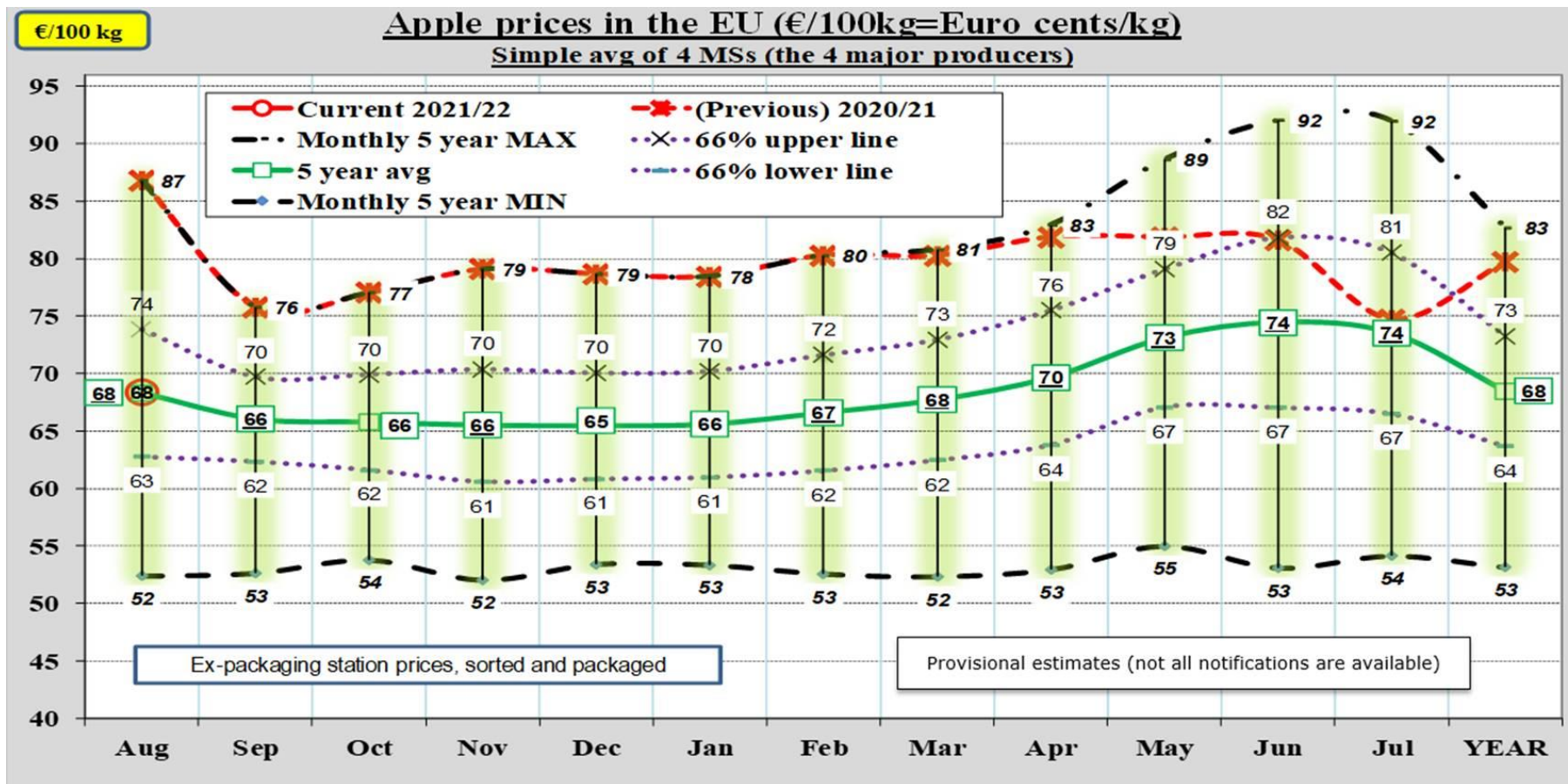
- **Reminder: trade within EU worth EUR63bl in 2020 (+2% YoY)**
- Despite a slow start of the year, intra-EU trade picked up subsequently and **increased by 3% at EUR34,2bl** over the first 6 months of 2021 - notable increases for strawberries, cranberries, avocados and asparagus more than compensating a notable decrease for potatoes, lemons and oranges
- **ES and NL increasing** both at around EUR9bl (+4% YoY) and accounting for more than of half of the total intra-EU 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 low level of remaining stocks (barring Poland for this past season) due to sustained demand especially during the period of lockdowns
- For the new campaign (which started in August) the crop for EU27 has been estimated at 11.6M tonnes (5% higher than the preceding 5 year average and 10 % above the « small » crop of the past marketing year) → **prices expected to come back to normal levels** (in case of Poland, the MS with the largest volume, prices moved already to below average levels given high stocks).
- For the first 6 months of the year, the exports in terms of volume were stable (+2% YoY at 593K tonnes) as no impact from Brexit so far (unlike other products). The imports decreased (-20% YoY at 144K tonnes).



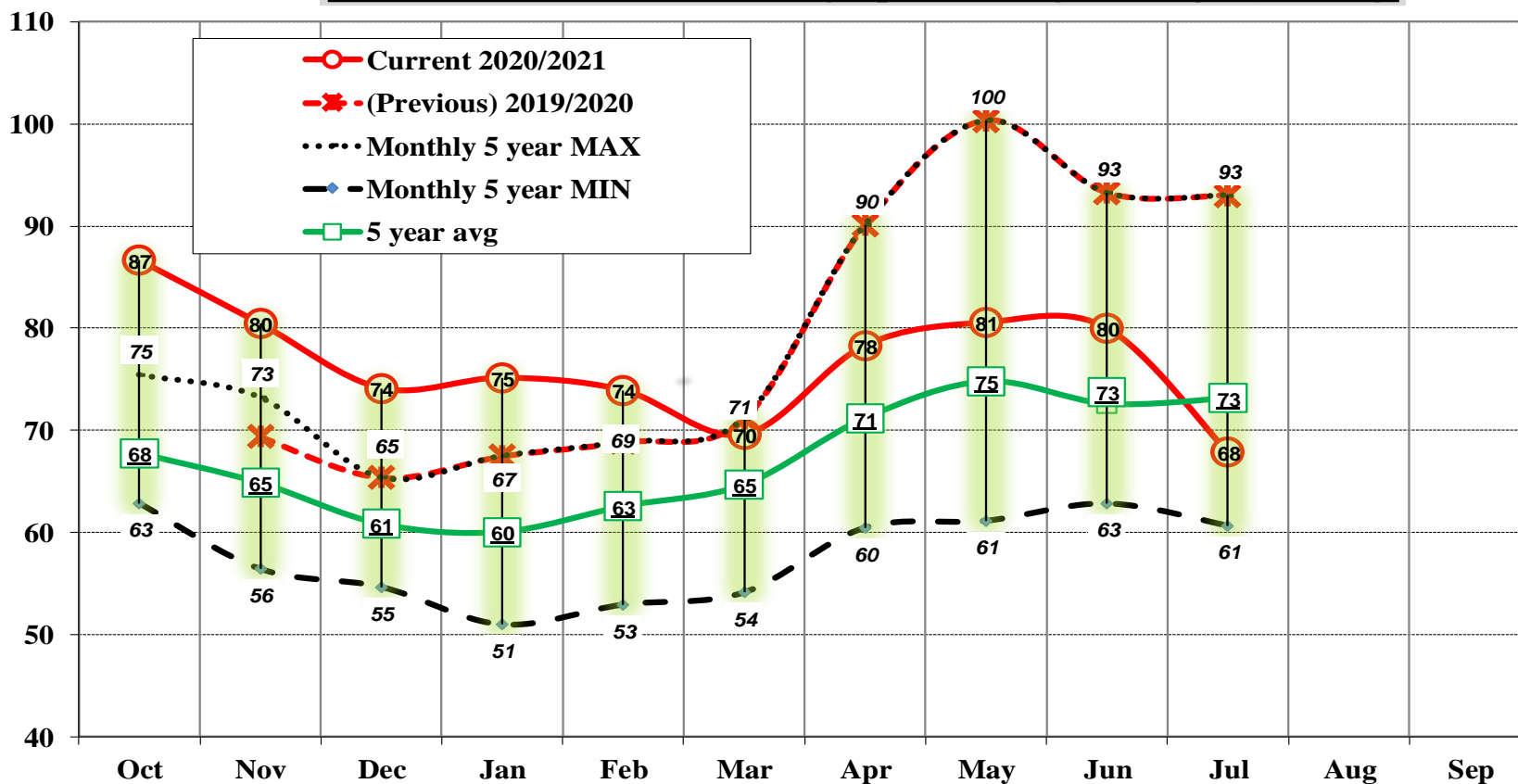


## Oranges

- As a reminder previous marketing campaign (2019/20) was good with above average prices and limited overlap between NH and SH due to lower crop in SH and high demand in the EU (Covid-impact)
- Despite high EU production of fresh oranges this year (6.6M tonnes +8% vs. last year and highest in 10 years) this season was a good one with record high prices in the EU at the beginning of the campaign (especially for big sized oranges) pushed by high demand. The second part of the season was not as dynamic but prices kept up above average. New campaign about to start.
- High internal production & demand has affected trade flows over the first 6 months of the year by both lowering imports (-4% YoY at 353K tonnes) and exports (-6% YoY at 280K tonnes) which were also affected by Brexit.

€/100 kg

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



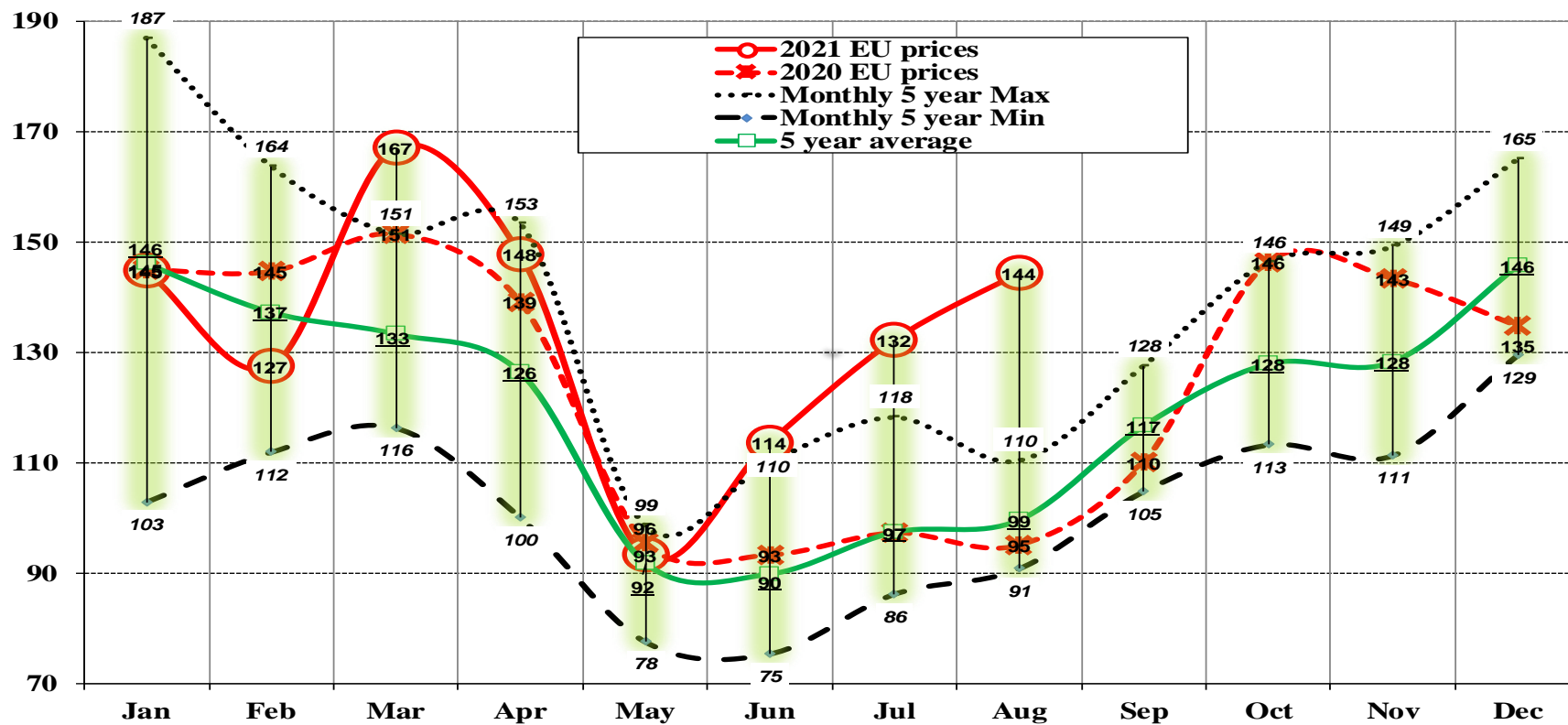
## Tomatoes

- **Record high prices in the EU over the summer months.** The EU average calculated price is more than 1,4Kg/EUR with record prices registered in Spain and France (more than 3kg/EUR).
- «Winter prices in summer» this is due to the rising demand from restaurants and reduced land for cultivating after corona troubles as well as the less-than-stellar summer weather is a good thing for the market since production is lower.
- Over the first 6 months of this year, **EU is even more a net importer.** Total imports stood at 394K tonnes (+10% YoY) with +/- stable imports for Morocco and noticeable increases from Turkey (through eastern Europe). Total exports stood at 232K tonnes (-22% YoY): the significant drop is due to fewer tomatoes exported by NL and ES to the UK which is by far the EU main export market.



€/100 kg

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



## 3. International



- **US – EU truce.** In June 2021 the EU and US agreed to **suspend all retaliatory tariffs on EU and US exports imposed in the Airbus and Boeing disputes for a five year period** with the view of resolving permanently the longest trade dispute in the history of the WTO (17 years). The retaliatory tariffs worth USD11,5bl have affected different sectors on both sides of the Atlantic. With regards to F&V, on the export side this is good news for certain French and German jams, juices, citrus fruit, prepared peaches, and other prepared fruits. On the import side sweet potatoes and groundnuts were previously concerned. F&V was not the main targeted sector as trade flows with the US is somewhat limited
- UK government decided a new timetable for introducing full import controls for goods being imported from the EU to the UK → Phytosanitary Certificates and physical checks on SPS goods at Border Control Posts, due to be introduced on 1 January 2022, will now be introduced on 1 July 2022

Statistical Value (£M)	EU H1 2021	Non EU H1 2021	EU 2021 vs 2020	Non EU 2021 vs 2020
<b>UK Total imports</b>	104.731	130.235	1%	12%
<b>Imports of fruits</b>	903	1.519	-20%	2%
<b>Imports of veg</b>	1.213	514	-15%	8%
<b>Imports of proces F&amp;V</b>	1.012	208	-24%	1%

- Official UK trade figures for first half 2021: while total UK imports from the EU has recovered from difficult first months and it's now in line with the previous year, the imports of F&V have not and are still down.
- On the other side, the supply of fresh F&V from non-EU countries has increased with non-EU countries gaining market share.
- From EU perspective in EUR (excluding FX impact) the decreases are mainly concentrated on tropical fruits and juices (probably due to the fact that they are going directly to the UK now without transiting through the EU as before).



**Thank you for your attention!**