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MINUTES

Meeting of the Expert Group Fruit and vegetables Market Observatory

10 March 2023

Chair: DG AGRI.E2

Delegations present: All members were present, except PROFEL, CEJA and WUWM.

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

The minutes of the previous meeting and the ongoing agenda were approved.

2. Nature of the meeting

The meeting took place electronically via videoconference (Interactio).

Language regime: Interpretation from FR–EN–IT–ES–PL to FR–EN–IT–ES–PL

3. List of points discussed

3.1. Update on supply

WAPA presented updated figures on the ongoing crop year for apple and pear production. A shortage of workers and a frost before the end of the harvesting season implied a very significant reduction of the total EU apple production. Figures for other parts of the World were also presented. However, there are lower than normal volumes of imports are being registered.

The pip fruit producers were significantly impacted by the increases on the prices of inputs, in particular in the case of energy costs. That implied that they tried to sell their crop as soon as possible in order to avoid the high costs of energy when storing.

Prices for the ongoing crop are significantly above the reference period average; the level of prices however is considered as insufficient as to cover the increase on the inputs costs; average margins per kg, consequently, are in many cases lower than in preceding years.

The access to some East European export destinations remain closed due to bans and war. This was compensated to some extent by the temporary opportunities derived from a big reduction in the Chinese apple crop (almost equal to the entire EU production, China represents more than a half of apple production and consumption in the World). Additional Extra-EU exports opportunities appeared in South East Asia, Middle East and South America. Egypt, an import destination, was at about a half closed due to internal financial restrictions.

Given the higher proportion of low quality apples produced in the EU (especially in Poland) and the need to avoid high storage costs, a more important proportion than usual of the EU apple production went into processing. The low volume of the Chinese crop helped to open additional export opportunities in international markets on the processing segment as well.

EU internal demand suffered from a high inflation, implying lower purchasing power capacity.

3.2. Consumption trends

The conclusion of the report Freshfel Consumption Monitor 2023 were presented with more specific detail for pip fruit products. The average consumption of fruit and vegetables in kg/year/capita remains insufficient and below the recommendations of the World Health Organization. As more imported products, especially from tropical countries, become available, there is a diversification trend on the types of products consumed which implies a reduction on consumption for the products that represent the highest volumes within fruit and vegetables. There is a significant proportion of EU citizens taking 0 fruit and vegetables portions a day.

3.3. Export development

The COM continues to make efforts on opening new market opportunities for EU pip fruit producers. Important challenges however remain, such as the need to implement SPS matters following the agreement of improved access to US market for 10 Member States. Asian countries represent a large part of the new opportunities and the COM has been active on improved access to India, Indonesia and Vietnam. Some Latin American countries, such as Colombia and Ecuador, are also in the COM action list and some progress has been registered as well although this work is of medium to long term nature.

4. Conclusions/recommendations/opinions

The key messages coming from this meeting could be summarized as follows

1. EU apple crop volume for the ongoing marketing year most probably below the preceding crop in volume terms;
2. Limited availability of seasonal workers and autumn frost among factors for a lower crop;
3. A higher share of the crop going to processing than in preceding years, this also related a higher proportion of low quality apples and high storing costs;

4. Significantly higher input and storage costs this marketing year and lower energy consumptions outputs being preferred;
5. The last report in apple stocks (1 February) indicated lower volumes than in the preceding year;
6. Higher prices in general than both for the preceding marketing year and for the reference period average but however perhaps not sufficient when taking into account for the cost increase;
7. Purchasing power down in the EU and affecting demand levels; a consumption diversification trend observed;
8. War and export bans affecting the market situation in the East of the EU;
9. A frost heavily affecting China opened for additional temporary export opportunities both for fresh and for processed products;
10. Some Member States worried on competition from Ukraine, especially in the processing segment;
11. Increasing competition from Turkey, Iran, Moldova, Serbia and some other countries.
12. Some possible questions on the overall apple farming viability at the current production volumes in the EU when faced with a decreasing consumption trend.

5. Next steps

Publication of the factual elements of the report on the F&V website ⁽¹⁾.

6. Next meeting

The next meeting will take place the 6th of November 2023.

7. List of participants

Annexed.

(e-signed)
Pierre BASCOU

⁽¹⁾ https://agriculture.ec.europa.eu/data-and-analysis/markets/overviews/market-observatories/fruit-and-vegetables_en

List of participants– Minutes
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10 March 2023

<i>Organisations</i>
A.R.E.F.L.H.
EUCOFEL
EuroCommerce
European agri-cooperatives (COGECA)
European Coordination Via Campesina (ECVC)
European Farmers (COPA)
FRESHFEL
World Apple and Pear Association (WAPA)
External Experts