Ref. Ares(2022)7663822 - 07/11/2022

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E – Markets
The Director

Brussels,
AGRI.E2/LF/BB/2022/8112654

MINUTES

of the Meeting of the Expert Group Fruit and Vegetables Market Observatory – subgroup Pip Fruit 26 September 2022

Chair: DG AGRI E2

Delegations present: All organisations were present except COPA 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 was hybrid non-public and was web-streamed with interpretation.

Language regime: FR-EN-IT-ES-PL to FR-EN.

3. List of points discussed

1. Market situation

1.1. EU production forecast for 2022/23 – Tour de table

DG AGRI E.2 introduced the point on the basis of a table compiling data from both Eurostat and WAPA. Experts commented the reasons for revising the initial July-August estimates downwards as of mid-September, based on the impact of recent weather events.

The size of the EU apple crop has been estimated at a volume similar to the preceding marketing year. Initially for the first estimate, it was a little higher but with the ongoing figure revisions, it could be slightly lower, around or below 12 million tonnes.

From further exchanges, three key points were at the center of attention: the extreme weather events (frost during the late spring and drought and heatwaves during the summer or even earlier periods), the high volume of the apple crop in Poland, and the rise on input prices.

In the case of Poland, the Member State with the largest volume at approximately 4,75 million tonnes, there is a trend of increasing yields and volumes. There is however uncertainty on the final estimate of the crop due to unknown parameters on labour shortages (there would be not enough labour to harvest the whole crop). Only the best quality is being harvested and stored. The final volumes will be known at the end of November.

Experts note that, given the fresh and processed consumption levels and export opportunities, a balanced apple market would be with a production of 11 million tonnes.

Experts from several Member States, especially France, Italy, Belgium and the Netherlands, expected revisions downwards on the initial estimate of the crop (made during the first week of August) but also a higher proportion that will be sent to the processing industry. This was also linked to weather events. In Belgium, the market still has a lot of volumes from the past campaign to sell, this is dragging the prices downwards.

The unprecedented rise on costs of production was the point of attention of several experts, as a possible cause of difficulties to store product during the winter because of the energy bills, even bankruptcies or unfeasibility of farm businesses in some cases. Experts estimate that costs increase are around 10 euros per 100 kg for growers.

The pear harvest has been estimated by WAPA to be up 20% year-on-year to 2,1 million tonnes (most probably to revised downwards), mainly due to the increase in harvests to almost double compared to 2021 in Italy and France. In Belgium and Spain, the crop is smaller than last year, fruits are smaller because of the dry summer and part of the crop will not be harvested. The year 2021 had been a very special year with a sharp drop in production. This pear harvest is also up by 5% compared to the average of the last three years. Similarly to apples, experts noted that with the record high energy prices, the sector will have to arbitrate which fruits to keep in storage past Christmas, which will only be the best quality.

1.2. Fresh apples and pears market drivers and perspectives 2022/2023

Extreme weather events had several implications on the volume and quality of the crop:

- lower sizes of fruit, which lead to lower overall volumes;

- lower quality, in some cases the skin of the fruit was damaged by sunburnt so that the product will have to be stored for a shorter period or used for processing.

The loss of markets in Russia and Belarus has important implication in terms of downwards pressure for some apple varieties, in particular in countries like Belgium, the Netherlands and Germany. Since last February, exports to the East of Europe are missing in the statistics so that this is having an impact on the market.

Given the abundant crop and some difficulties in export markets, imports are expected to be lower than normal.

The proportion of new apple varieties being developed in Western EU and going into the market is on the rise.

As regards organic production, demand is decreasing both in France and Italy. Experts regret that no reliable statistics are available on organic consumption. Experts in both Member States note an increase of downgrading/relabelling of organic apples into conventional products to encourage sales.

1.3. Trends in the processing segment

Experts explained that the EU could be self-sufficient in apple juice concentrate: we import around 145 thousand tonnes per year and export around 130 thousand tonnes. For most of the Member States, the exposure of the product to high temperatures and sun and/or other weather events was a factor for an estimate in which the proportion of the total production going to processing would be higher.

Fruit juice consumption in the EU is registering a downwards trend along the years. A very important part of the EU fruit industry is located in Germany where consumption of fruit juice is also going down.

The apple juice concentrate offers great export opportunities this year, especially for the US destination. China, the big competitor of the EU products has a much smaller crop this year and faces duties in the US market. Türkiye is an increasingly important competitor. NFC (not from concentrate) is of higher quality and there is a growing production in the EU but shipping remains expansive, which could lower third countries' interest in EU NFC products.

Energy costs are a critical success factor for the apple for processing industry. Most of the cost of this industry was in the past raw product but now it is energy so that they try to pay less for apples for processing. What happens with the energy price will be a key factor in the coming months for apple for processing segments.

How the consumers will react with the inflation is the key question for the processing sector. For juice, the consumers could turn to cheaper alternatives (soda where consumers add their concentrate). For compote, consumers are turning to distributor brands, which are cheaper, but then the higher costs in the supply chain cannot be compensated.

1.4. Overview of the situation in the EU neighbour markets

The world production of apples is around 80 million tonnes and in the case of pears it is about 30 million tonnes. In both cases China is the number one producer and consumer of the world.

Countries in the EU neighbourhood are becoming more active players in the apple market, trying to gain a higher rate of self-sufficiency (such as the case of Russia and some countries of the former Soviet Union) or turning more their focus on export activities towards the EU (such as Türkiye, a country with an increasing production almost at the level of the Polish volumes, Ukraine, Moldova and some Western Balkan countries such as Serbia).

EU stakeholders are worried about the impact of a redirection toward the EU of exports of these countries together with the ongoing embargos. Experts also signal that exports to Africa will decrease with the global context, with Egypt for example being expected to reduce its apple imports in favour of cereals.

In order to promote consumption and contribute to rebalance the markets, WAPA proposes to organize the International Apple Day on 19 November 2022 and the International Pear Day on 3 December 2022.

2. Market monitoring tools

2.1. Extreme weather events: impact on production, monitoring tools and potential adaptation measures

Monitoring weather events in order to evaluate their impact has an interest for market analysis and farm management. The Commission's Joint Research Centre (JRC) has an interesting set of tools within the MARS/Agri4Cast ([1]) project for agrometeorological monitoring. These tools are being gradually implemented online for professional and public use.

([1]) https://agri4cast.jrc.ec.europa.eu/

The JRC has a long experience on monitoring production and yield in arable crops. The work is being expanded to cover some basic elements of apple and pear production: where production is mainly located, the phenological development stages of these crops, and the extreme weather events that can impact the production. The idea is to better follow agrometeorological events (frost, heatwaves, drought, etc.) in the areas where most of the production is located.

2.2. State of play of market transparency implementation

DG AGRI E2 presented the state of play on this exercise, including examples on the availability of data open to the general public in the Agri Data Portal ([2]).

4. Next steps

Publication of the factual elements of the report on the F&V MO website ([3]).

5. Next meeting

The next meeting will take place in March 2023.

6. List of participants

Annexed.

Pierre BASCOU
(e-signed)

([2]) https://agridata.ec.europa.eu/extensions/DashboardFruitAndVeg/FruitAndVegetablePricesSC.html and https://agridata.ec.europa.eu/extensions/DashboardFruitAndVeg/FruitAndVegetablePrices.html

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

List of participants– Minutes

Meeting of the Expert Group Fruit and Vegetables Market Observatory Subgroup Pip Fruit

26 September 2022

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