

# **F&V market situation**

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

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# Structure of the presentation

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

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

***3. International***

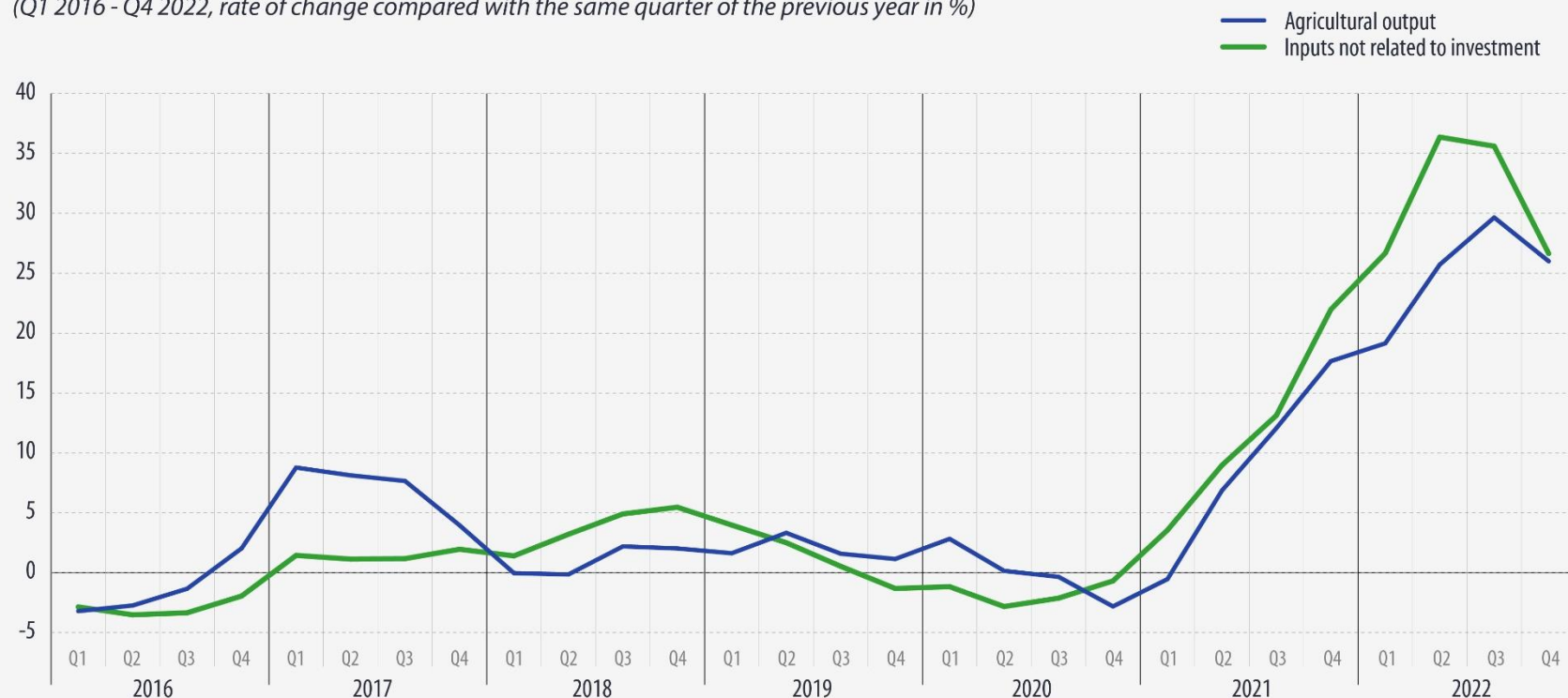
# 1. Overall F&V market situation



- EU F&V sector is still facing a rather difficult market situation.
- Consumption of fresh F&V is down (estimated at -10% in 2022 YoY) due to high inflation and eroded purchasing power.
- High energy and fertiliser costs (although on a decreasing path) are still affecting the sector throughout the entire supply chain and margins for F&V producers are under pressure despite the increase in prices.
- Winter production of some key vegetables declined due to high input costs (especially in greenhouses in North of Europe) as well as erratic weather patterns in South of Europe (warm temperature until December followed by cold snaps), exacerbating the volatility of the markets. Moreover, the current dry conditions may pose serious risks for spring and summer crops.

## Developments of agricultural input and output price indices in the EU

(Q1 2016 - Q4 2022, rate of change compared with the same quarter of the previous year in %)



- Eurostat economics accounts of agriculture – preliminary estimates for year 2022:
  - Decrease in production due to extreme weather events → 2022 Production volume index for fruits -3,5% YoY, vegetables & horticulture -6,5% YoY
  - Overall price increases → nominal price index 6,8% YoY for fruits and 12,4% YoY for vegetables & horticulture
  - Higher production value in 2022 → EUR32,7bl for fruits (+3% YoY) and EUR64,9bl for vegetables & horticulture (+5% YoY)
- EU agri-food promotion policy – work program 2023 : EUR19.1M (i.e. around 10% of the total EU budget) is specifically earmarked for promotion projects promoting the consumption of fresh fruit and vegetables, and healthy as well as sustainable diets

Sector figures on **consumption of fresh F&V for the year 2021** released in January 2023. Key highlights:

- Consumption average consumption for fresh produce stands at an average of 364g/capita/day for 2021 (below WHO recommendation of 400g and slightly higher than the 10 year average of 356g)
- Market size supply amounted to 75Mt (11,6 Mt in Italy, 11Mt in Germany, 10 Mt in France, 9Mt in Spain and 7,2Mt in Poland). Higher average consumption in the South of Europe than North of Europe.
- Most consumed fruit are apples, bananas, oranges, peaches/nectarines and table grapes while blueberries is the segment that is experiencing the most dynamic growth (especially in Germany and Poland).
- For vegetables, tomatoes, cabbages, carrots, cucumbers and sweet peppers are the most consumed products.

## Inflation

EU-27	03/22	06/22	09/22	10/22	11/22	12/22	01/23	02/23
<b>Inflation</b>	7.8	9.6	10.9	11.5	11.1	10.4	10.0	9.9
<b>Food</b>	6.9	11.9	15.8	17.8	18.3	18.2	18.4	19.5
<b>Fruits</b>	5.6	7.0	7.9	9.3	9.4	8.1	8.6	10.0
<b>Vegetables</b>	10.6	9.7	13.7	20.2	17.3	15.0	13.6	19.1
Eurostat - Percentage change m/m-12								

- Very high inflation for EU27 but the peak in October probably behind with four consecutive months of decrease due to falling energy inflation (while core inflation has not yet peaked). EC Winter forecasts point to a reduction in 2023 with annual estimate of 6.4%.
- Food inflation instead reached a new historical high in February 2023 as already existing price pressures in the food sector intensified following the Russian invasion of Ukraine.
- The increase is more pronounced in vegetables than fruits

## EC Winter Economic forecasts

- The annual GDP growth rate for 2022 was revised upwards at 3.5% (3.2% previously). Favorable developments: continued diversification of supply sources and a sharp drop in consumption have left gas storage levels above the seasonal average of past years, and wholesale gas prices have fallen well below pre-war levels. In addition, the EU labor market has continued to perform strongly, with the unemployment rate remaining at its all-time low of 6.1% until the end of 2022.
- Forecasts for 2023 in the EU point to an annual GDP growth rate of 0.8% (0.3% previously). Headwinds, however, remain strong. Consumers and businesses continue to face high energy costs and high inflation further eroding households' purchasing power. As inflationary pressures persist, monetary tightening is set to continue, weighing on business activity and exerting a drag on investment.

## Input prices – February 2023

### AGRICULTURAL INPUT PRICES

Agricultural input index 2010=100	Monthly average	Annual change	Monthly change
<b>ENERGY</b>	<b>110.6</b>	<b>-17.0%</b>	<b>-7.3%</b>
Crude oil, Brent (USD/bbl)	82.7	-13.6%	-0.5%
Crude oil, WTI (USD/bbl)	76.8	-16.2%	-1.6%
Natural gas, Europe (USD/mmbtu)	16.5	-39.3%	-18.1%
Natural gas, US (USD/mmbtu)	2.4	-48.8%	-27.2%
<b>FERTILIZERS</b>	<b>167.9</b>	<b>-14.5%</b>	<b>-5.6%</b>
Phosphate rock (USD/mt)	322.5	87.0%	7.5%
Diammonium phosphate (USD/mt)	612.5	-18.0%	-2.9%
Potassium chloride (USD/mt)	562.5	43.6%	0.0%
Triple superphosphate (USD/mt)	547.5	-19.5%	-3.8%
Urea (USD/mt)	357.5	-52.0%	-19.4%

[Agricultural markets and prices \(europa.eu\)](https://ec.europa.eu/agriculture/agricultural-markets-and-prices/)

## Extra-EU agri-food trade (Nov 2022)

- Total EU exports since the beginning of the year (until November) reached EUR221bl (+16% YoY) with the UK being the main destination (+15% YoY – EUR35,4bl) and with cereals preparations (+21% YoY – EUR18,6bl), dairy products (+21% YoY – EUR18,8bl) and wine products (+10% YoY – EUR16,9bl) being the main product categories.
- Total EU imports since the beginning of the year (until November) reached EUR157bl (34% YoY) with Brazil the main country of origin (+44% YoY – EUR23,5bl) and oil seeds and protein crops (+42% YoY – EUR19,1bl) and fruits and nuts (+8% YoY – EUR20,5bl) being the main product categories.
- Imports from Ukraine started to increase in May, reaching EUR11.5bl until November (+90% YoY) due to higher imported quantities for cereals and oil seeds.
- **[Trade and international policy analysis \(europa.eu\)](https://ec.europa.eu/economy_finance/extra-eu-trade)**

## Intra-EU and extra-EU F&V trade (Dec22)

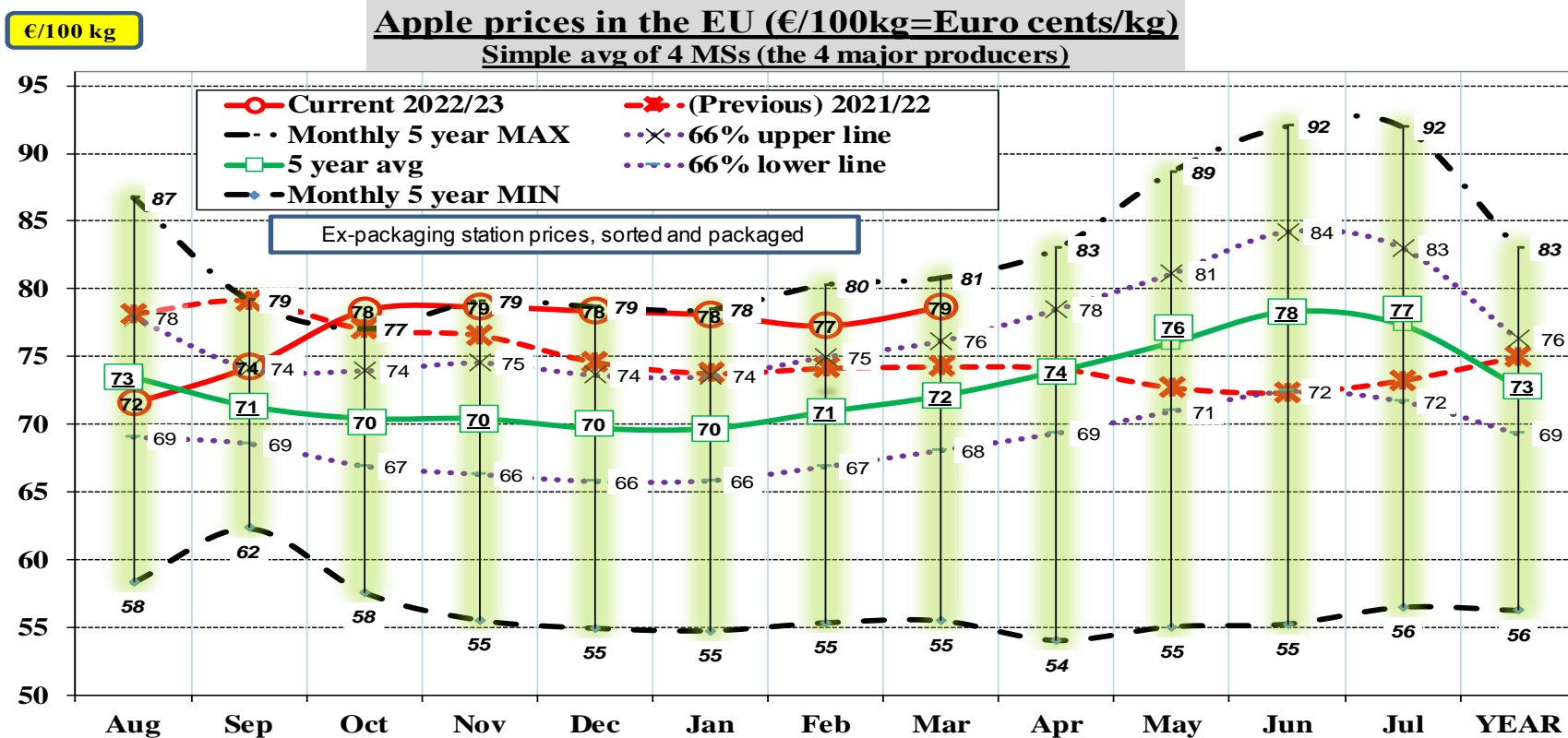
Value - Billion EUR		2021	2022	%	of which price	of which volume
IntraEU - exports	Fresh vegetables	20.4	22.5	10%	8%	2%
	Fresh fruits & nuts	28.1	28.7	2%	8%	-5%
	Processed F&V	18.5	21.6	17%	13%	3%
ExtraEU - exports	Fresh vegetables	5.9	6.6	12%	10%	2%
	Fresh fruits & nuts	5.7	6.0	5%	9%	-4%
	Processed F&V	9.3	11.6	24%	21%	3%
ExtraEU - imports	Fresh vegetables	4.8	5.7	20%	17%	2%
	Fresh fruits & nuts	19.8	21.1	6%	10%	-3%
	Processed F&V	5.6	6.7	20%	20%	0%
Fresh vegetables CN 07 - Fresh fruits & nuts CN 08 - Processed F&V CN 20 - COMEXT extraction 20 March 2023						

## 2. Zoom in on main products



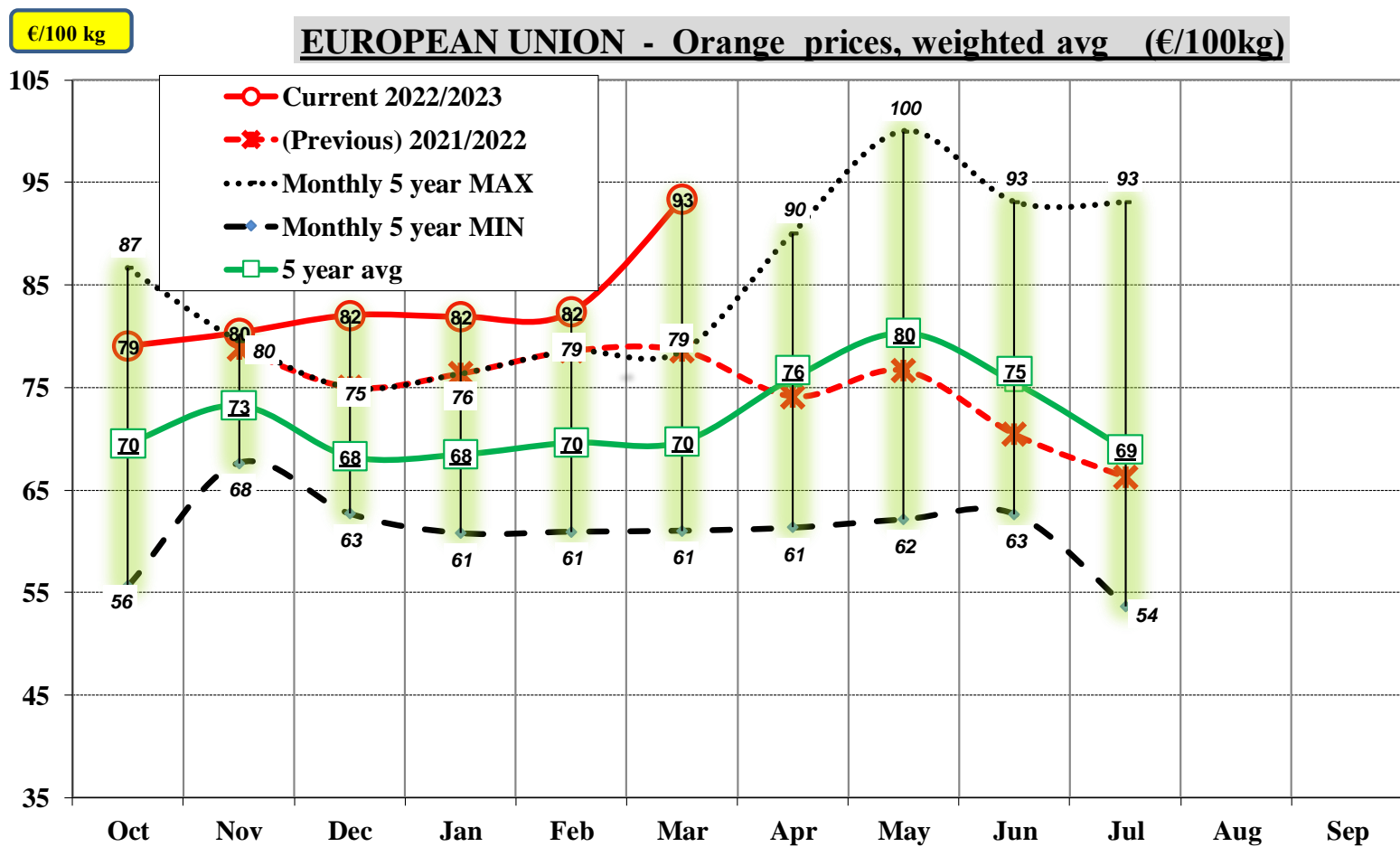
## Apples

- Current estimates for 2022/2023 point to a crop of around 12Mt (or possibly below due to frost events in November and lack of labor). Like last year very generous crop in Poland but with lower fruit caliber and quality due to the drought over the summer period. This together with the high storing costs has increased the part going to processing sector which is profiting from good export opportunities due to lower Chinese competition.
- The volume of fresh apples stocks on 1<sup>st</sup> March 2023 for MS that are the 10 most important producers was at 2.5Mt i.e. -12% YoY. This is helping prices to remain at good levels especially in Poland. On the other hand GER prices are currently low due to one of the highest crops in the last years.
- Extra-Eu exports for the first 6 months of the campaign are at 571Kt -7% YoY in line with lower supply of fresh in the EU. Also imports are lower at 100Kt (-25% YoY) in line with lower consumption.



## Oranges

- The EU production is estimated at below 6Mt (one of the lowest crops in the last years) due to low production in ES (around 3Mt i.e. -20% YoY) affected by bad weather conditions. IT and PT also down whereas EL up.
- The low production has brought higher prices especially for ES and IT with the exception of PT
- Extra-Eu imports have decreased by 16% last marketing year (Oct21-August22) at 740Kt due to low imports both from Egypt during spring and from RSA during summer (oranges from RSA are subject to new cold treatment obligation as of July 14 to fight FCM pest). For the first four months of the current season (Oct22-Jan23) imports have increased YoY by 13% (at 210Kt) while exports have decreased by 4% (at 134kt).

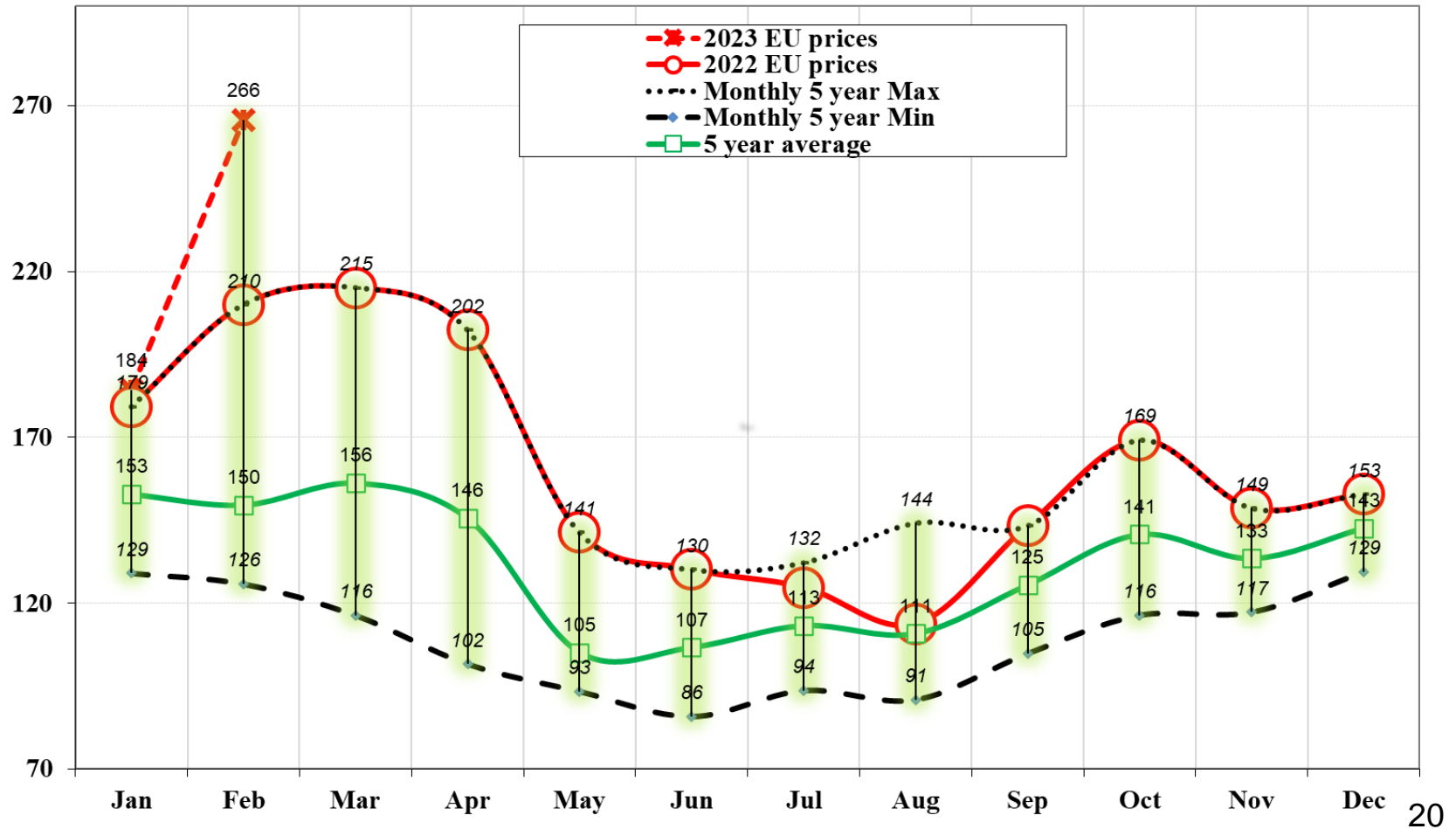


## Tomatoes

- Very preliminary 2023 processed tomatoes forecasts for global production of almost 41Mt (38Mt in 2022) with increases expected also for the two major producing MS IT (5.7Mt vs. 5.5Mt), ES (2.6Mt vs. 2.1Mt). Significant price increases are expected to be paid to producers (e.g. Extremadura/ES +50%) and like last year weather events including water availability will be the key (e.g. Andalucia/ES).
- High prices for fresh observed since the beginning of the year due to high input costs (affecting especially the North of Europe) and weather erratic events in the South of Europe (and North Africa) affecting production and making supply volatile. Shortages were reported in the UK in February
- In the current campaign (from Oct22 to Jan23) increase in imports (+9% at 365Kt) and decrease in exports (-6% at 102Kt) due to increasing competition from Morocco both in the EU and UK (main EU market).

€/100 kg

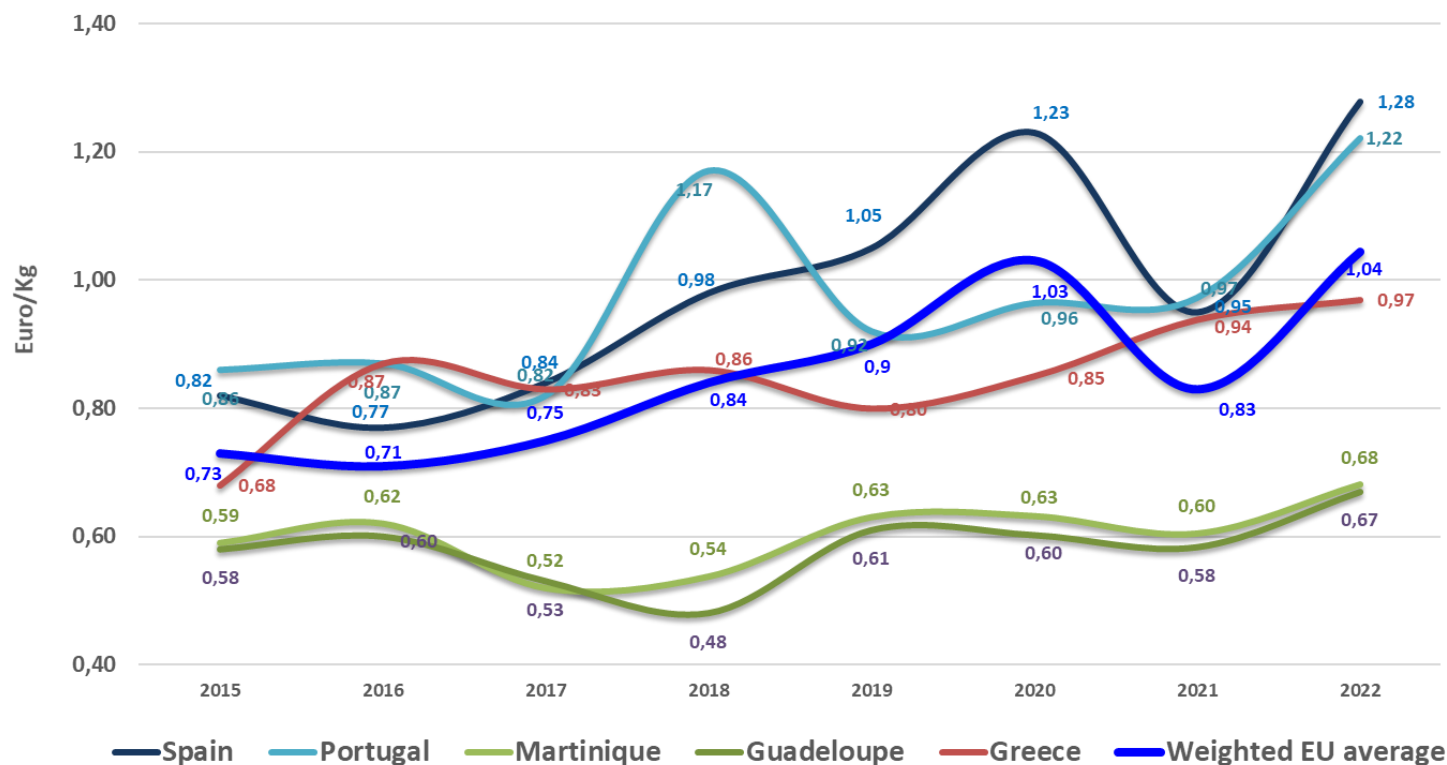
## EUROPEAN UNION - Tomato prices, Avg. (€/100kg)



## Bananas

- 2022 EU annual production at 583Kt i.e. -9% 2021 due to lower production in ES as a consequence of volcano eruption in the La Palma island (ES 347Kt, FR 207Kt and PT 26kt).
- EU green prices at 1.04EUR/Kg i.e. +25% vs. 2021 (ES 1.28EUR/kg, FR 0.68EUR/Kg and PT 1.22EUR/Kg). Prices in 2023 expected to revert back as production picks up again.
- Total non-EU imports at 4.95Mt (-4% YoY) with increased non-EU price at 0.64EUR/Kg (+6%).
- Total supply (non-EU+EU) has decreased in line with lower consumption in 2022. EU market share in terms of volume slightly lower YoY at 10.5% and increase YoY in terms of value at around 16% in 2022 (+1pp).

## Prices of banana produced in the EU and marketed outside their region of production (prices at the first port of unloading (goods not unloaded)) (January - December)



source: MS notifications

update 15/02/2023

### 3. International



- **Moldova** – ATM proposal entered into force on 23 July 2022 for one year foreseeing the increase of the tariff free quota on 7 products (plums, table grapes, apples, tomatoes, garlic, cherries and grape juice) as a solidarity move to help Moldovan farmers weather the loss of the Ukrainian and other markets and transit hubs due to the war.
- **Ukraine** – Original ATM proposal in force since 6 June 2022 for one year. Commission proposal in Feb23 to extend this by another year (until 5 June 2024) as a continuation of the EU's unwavering support for Ukraine's economy. Considering a significant increase in imports of some agricultural products (e.g. poultry) from Ukraine to the EU in 2022, the renewed ATMs contain an expedited safeguard mechanism to protect the Union market if necessary.



**Thank you for your attention!**