

# Early spanish Stone Fruits season.

Market analysis and determining factors in Spain  
and it conditionants

*Stone fruit sub-group Commission Market observatory  
(Brussels, June 1<sup>st</sup> 2022)*

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# 1. Starting point. Spanish April´s Frost

- Historical Frost damages
- Most affected regions: Cataluña and Aragón
- Less affected: Valencia, CMancha and Murcia
- Damages is more than 80.000 allotments and almost 85.000 hectares.
- Stone Fruits Insurance´s compensations (80% of production):
  - Cataluña: 103 Millions €
  - Aragón: 70 Millons de €



# 1. Starting point. European´s S.Fruit Volumes (Europêch´22)

RESUMEN PREVISIÓN EUROPEA MELOCOTÓN 2022. EUROPÊCH' 2022					
PAÍS	2020	2021	PREV 2022	VAR 21/22	VAR 20/22
Italia	962.078	951.824	1.343.294	41,13%	39,62%
Grecia	768.000	465.780	763.800	63,98%	-0,55%
España	1.397.380	1.390.009	955.632	-31,25%	-31,61%
Francia	264.331	220.871	325.131	47,20%	23,00%
<b>TOTAL<sup>(1)</sup></b>	<b>3.391.789</b>	<b>3.028.484</b>	<b>3.387.857</b>	<b>11,87%</b>	<b>-0,12%</b>

(1) Datos expresados en toneladas de melocotón, paraguayó, nectarina, pavia y albaricoques

- Sharp drop in **Spain**: only in middle and late season.
- **European Offer**: below full potential.
  - ... It should allow a good season in 2022 with adequate prices for growers

# 1. Starting Point: Russias agression impact

## ▶ DIRECT EFFECTS over TRADE

- Important Exports reduction towards **Ukraine**
- ... still effects of “Russian Veto”: the trade is almost 0, and since the end of 2021, trade with Belarus doesnt exist.

## ▶ INDIRECT EFFECTS over TRADE

- Closure of the Russian market → big part of productions from third countries (**Turkey**) are redirected to EU → COMPETITION

It has already happened with previous campaigns (apple).

Market size  
reduction for  
exportations UE and  
Extra UE  
Pressure on Europe  
market

# 1. Starting Point: Russias agression impact

## ▶ OTHER INDIRECT EFFECTS

### ▶ CONSUMPTION

- ▶ CRISIS → Consumer's purchasing power lose
- ▶ Supermarket search of low prices → Pressing down it
- ▶ ...And the decrease of Stone fruit consumption in Europe

### ▶ COSTS

- ▶ COSTS RISING for growers and exporters

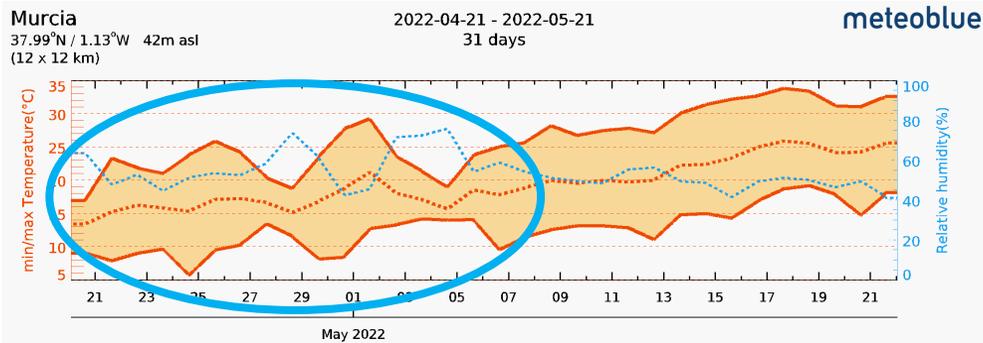
# 1. Starting Point: Costs 's Crisis



ACCOUNTING CONCEPT	INCREASE
FERTILIZERS AND PHYTOS.	+122%
WATER (ENERGY +85% OF COST)	+160%
FUEL	+35%
REPARATIONS AND CONSERVATI.	+18%
LABOR	+6%
INSURANCES	+9%
ACCOUNTING DEPRECIATION	+5%
INTEREST RATE (0,7%-1,1%)	+57%
MARITIME TRANSPORT	+94%
ROAD TRANSPORT	+16%

## 2. Market 's dynamics: Offer and consumption

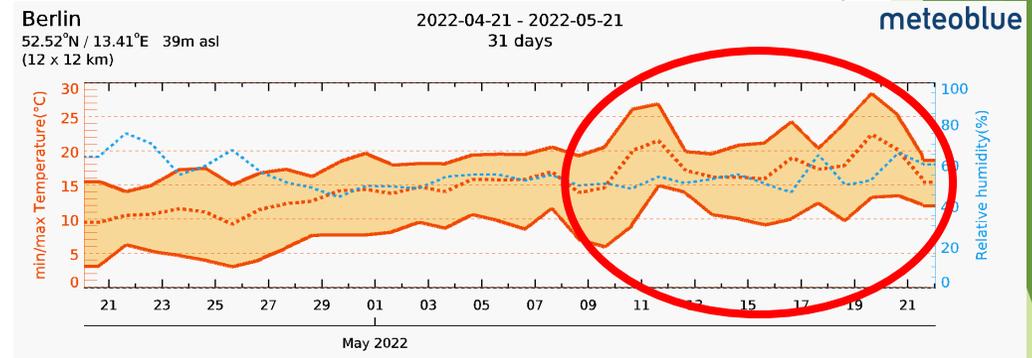
### ORIGIN



- Very soft temperatures until 13th May
- Phased production without any pressure
- Delayed harvesting calendar +12 days

**0 Stocks**

### COUNTRY OF DELIVERY



- Overseas stonefruits finishes on time
- Good weather from the beginning
- Temperatures rising from May 10th

**Very Good consumption level**

## 2. Market dynamics: Market's Prices evolution (and supermarket strategies)

Nectarines size C prices evolution 2022



**IMPORTERS PAY THE PRICE DIFFERENCE**  
BECAUSE THE PRICE IS NOT REALISTIC

**HUGE TENSION BETWEEN ORIGIN AND MARKET OPERATORS**  
CONTINUES PAYING HIGHER PRICES THAN THEY RECEIVE FROM SUPERMARKETS  
MANY OF THEM ???

But prices creep down

## 2. Market dynamics: Contrast of profits or losses with previous season forecast

### ANALYSIS HYPOTHESIS

- Nectarines size C in punnets, represents the key product in May of nectarines market
- Price of one big supermarket is representative of the distribution in 2021 and 2022.
- In 2021 the market price for most of farmers (that had full production), covered costs in nectarines orchards, and had a little margin to re-invest in their farms competitiveness.
- The **cost increase between 2022 and 2021 is +44%**

## 2. Market dynamics: Contrast of profits or losses with previous season forecast

1ST STEP



2ND. STEP

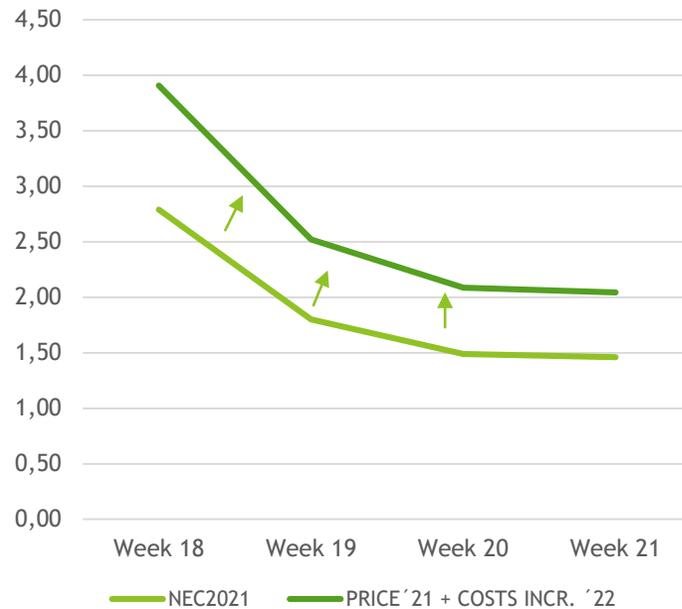


3RD. STEP

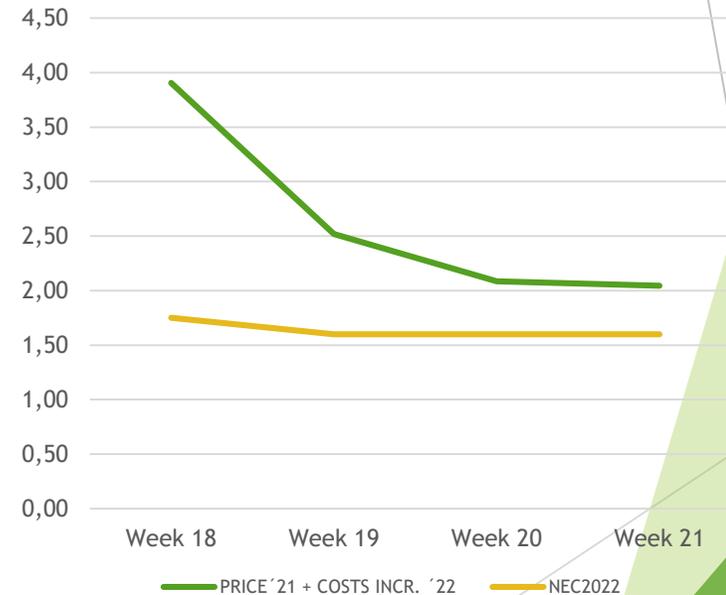
NECTARINE PRICE 2021



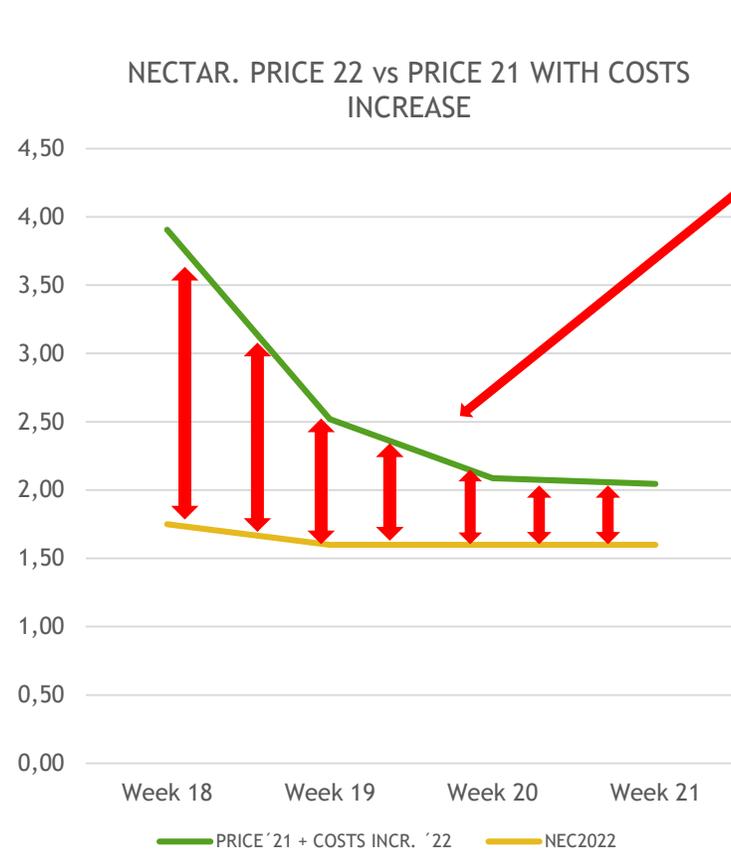
NECTAR. PRICE 21 vs PRICE 21 WITH INCREASE OF COSTS



NECTAR. PRICE 22 vs PRICE 21 WITH COSTS INCREASE



## 2. Market dynamics: Contrast of profits or losses with previous season forecast



### NECTARINES RELATIVE LOSSES 22-21

- Was necessary that supermarket price's strategy?
- Was necessary knowing that the costs had gone up so much?
- Was necessary knowing that importing was financing a UNREAL MARKET PRICE?
- Was necessary to deteriorate the sector so much?

**SURE NO**

# 3. New competitors

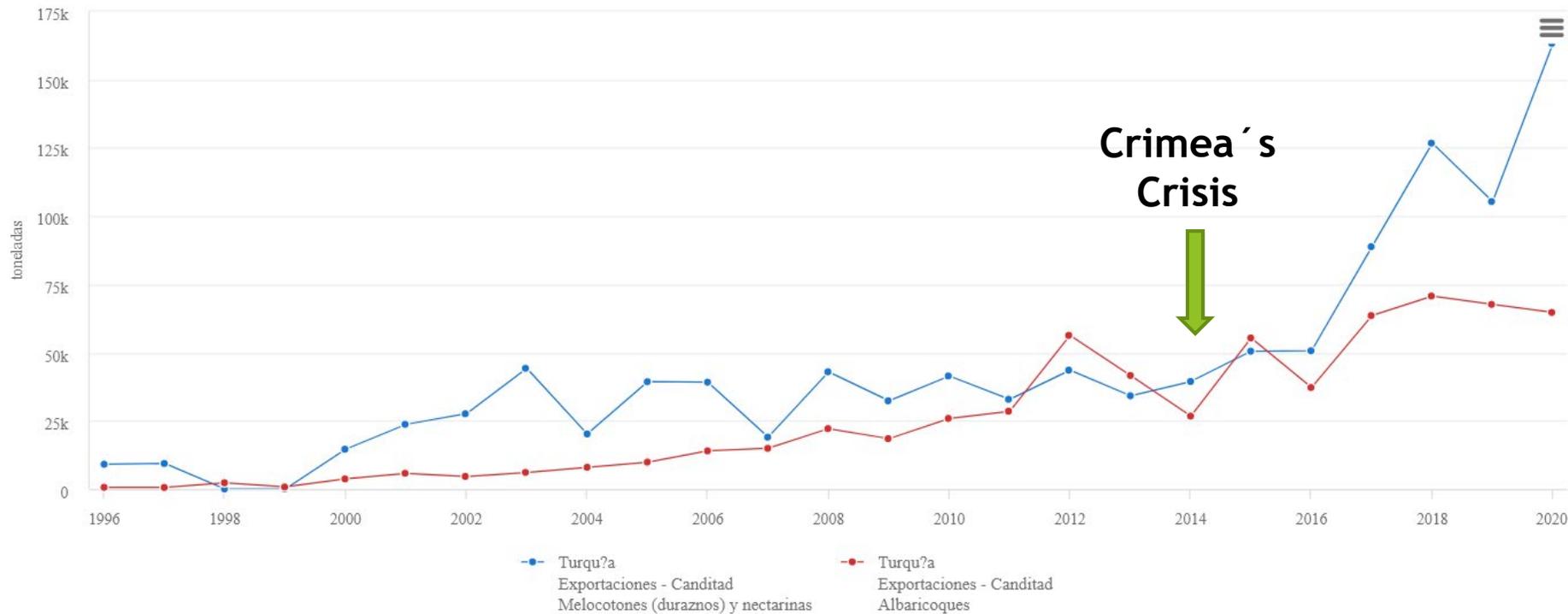
- ▶ New competitors come in to play with their stone fruit  
Production: **Morocco - Turkey**
- ▶ Using European technology, being supported by europeans companies, european importers, multinational companies and russian importers. *Also supported by EU cooperation funds...*
- ▶ Lower costs, more competitive: production rules + Trade agreements with EU
- ▶ Possibility of foreigner countries of change the currency with €, to be even more competitive.



*...We are beginning to experience the same difficulties as our colleagues from other productions (citrus, tomato, etc.) and some displacement in our market*

# 3. Turkish Stone fruit export overview

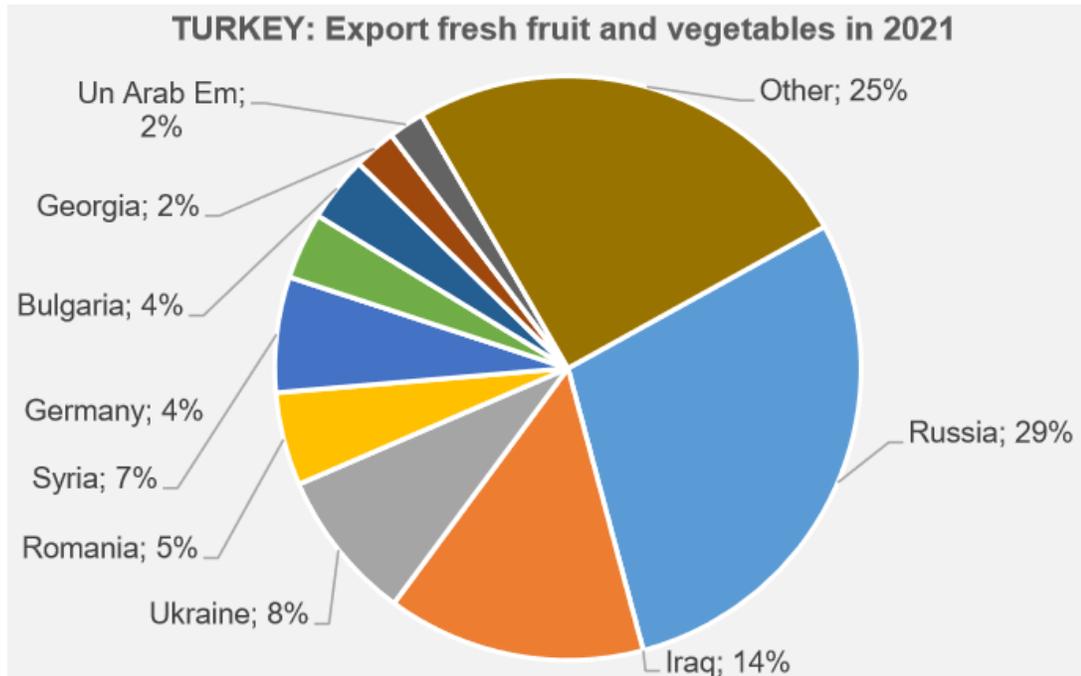
## Volume of Turkish Stone Fruits export



Fuente FAOSTAT

Growing export Capacity and, lately, oriented towards Europe

# 3. Turkish Stone fruit export overview



Fuente: [fruitandvegetablefacts.com](http://fruitandvegetablefacts.com)

**European market is a huge Opportunity to reduce the risk exposure to Russia and other less stable economies**

# 4. Some conclusions...

## Vulnerable sector “by nature”

- Highly perishable products
- Very sensitive to climate
- Financially weakened

## Difficulties to manage the volumes:

- Fresh produce (very perishable)
- Difficulties to export
- Without sector management measures (product recalls, limited scope)

## Its “natural market” reduced

- Russian Veto
- Belarus
- Ukraine
- (“Brexit”)
- Domestic consumption decrease

## Competitiveness loose

- Costs Rising: Energy, Phytos, packaging...
- Supply Chain imbalances, with too low prices pressure
- Higher requirements and costs: phytos restrictions, boxes and plastic prices,
- **Small growers abandon sector**