



F&V market situation

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

F&V Grex and Cttee – March 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



- **Possible risk of single market fragmentation due to the sanitary crisis so far avoided.** Long queues and delays were registered at the German borders following the decision by the German government in mid February to reintroduce border controls (to fight the new variant) with Czech Republic and Austria's Tyrol. The sector is very sensitive to all these measures given the nature of their business (fresh produce going bad in case of significant delays). Despite some persisting (albeit smaller) queues, business is reported to be (almost) as usual and that there is no qualitative evidence of significant reduction in business volume intra-EU so far.
- **Good news on trade front** with 1) the EU-US agreement to suspend all retaliatory tariffs (from midnight 11 March) on EU and U.S. exports imposed in the Airbus and Boeing disputes for a four-month period and 2) UK government's decision to delay plans to introduce full border checks with the EU (pushing the first deadline to January 2022) – more in the international section

- According to recently released FAO data, the worldwide **production of F&V** in 2019 was 1,837 million T of which **9% from the EU at 166 million T** (101 million corresponded to vegetables and 65 million to fruits). The total EU production in 2019 was 2.5% below 2018. In terms of major EU producers:
- Spain produced 31.1 million T in 2019 (-4% over 2018) followed by Italy (27.5MT -3%) and France (20.6MT -3%)
- According to recently released Eurostat data, the main fruits produced in the EU for 2019 are: pome fruit (**apples**, pears, etc.) at 13.7MT, citrus (**oranges**, lemons, etc..) at 10.6MT and stone fruit (**peaches**, **nectarines**, etc..) with 7.3MT. With regards to vegetables: **tomatoes** with 16.5MT, onions 6.1MT and carrots 4.7MT
- COMMISSION IMPLEMENTING DECISION (EU) 2021/462 of 15 March 2021 fixing the budget for the EU school scheme for the 2020/21 school year: **EUR126M** is allocated to the distribution of fruit and vegetables to schoolchildren.

Inflation

EU-27	03/20	04/20	05/20	06/20	07/20	08/20	09/20	10/20	11/20	12/20	01/21	02/21
Inflation	1.1	0.6	0.5	0.7	0.8	0.4	0.2	0.2	0.2	0.3	1.2	1.3
Food	3.3	4.5	4.1	3.7	2.3	1.9	1.9	2.1	1.9	1.1	1.1	0.8
Fruits	7.8	11.8	14.1	13.8	10.8	9.9	9.3	7.7	5.3	4.5	3.3	2.8
Vegetables	1.1	5.9	3.2	1.9	-2.4	-3.5	-1.8	1.8	3.1	-1.2	0.2	-1.0
Potatoes	1.1	1.0	-3.9	-6.6	-10.0	-11.9	-12.7	-11.9	-12.2	-12.7	-12.5	-11.9
Eurostat - Percentage change m/m-12												

- **Inflation for EU27 picking up** at highest level in 12 months (Eurozone out of deflation experienced from August to December)
- **Annual consumer food price inflation at low levels at 0.8%** (14 Member States registered food prices below pre-crisis levels)
- To note the corrections in recent months for fruits and constant **fall in prices for potatoes** at around -12% since August



EXTRA-EU TRADE (up to Nov)

- Despite the economic crisis sparked by the COVID-19 and uncertainties related to Brexit, **EU27 agri-food trade continued to grow in the first eleven months of 2020** according to official COMEXT data.
- Between January and November the value of EU27 agri-food exports totaled €169 billion (+1% YoY), while the value of imports increased to €112 billion (+0,4% YoY). The EU enjoyed an agri-food trade surplus of €57 billion during this period.
- For F&V it's the opposite: higher increases for imports (in particular fruits and especially citrus recording double digit increases) than for exports which remained overall stable. This is explained by an increased consumption especially of citrus fruits in the EU as a consequence of the COVID sanitary situation.

EXTRA-EU TRADE (up to Nov)

Extra-EU Exports - Nov2020			
Macro categories	Bil EUR	Change YoY	EU position
Preparation of vegetables, fruits and nuts	6,6	-1%	Net exporter
Vegetables (fresh, chilled and dried)	5,4	3%	Net exporter
Fruits (excl. Citrus and tropical)	3,6	-1%	Net importer
Extra-EU Imports - Nov2020			
Macro categories	Bil EUR	Change YoY	EU position
Tropical fruits (incl. Nuts and spices)	12,3	5%	Net importer
Fruits (excl. Citrus and tropical)	5,6	10%	Net importer
Vegetables (fresh, chilled and dried)	4,2	-1%	Net exporter
Preparation of vegetables, fruits and nuts	3,3	6%	Net exporter
Citrus	1,8	23%	Net importer

https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/trade/documents/monitoring-agri-food-trade_nov2020_en.pdf

Intra-EU trade (full year 2020)

EUR Bil	2019	2020	Change	First Ms exporter	First product
VEGETABLES - Fresh	19,4	19,0	-2%	ES (+1%)	Fresh tomatoes (EUR3bl)
FRUITS - Fresh	12,2	13,2	8%	ES (+6%)	Fresh grapes (EUR1.9bl)
PREPARATIONS F&V	13,0	12,9	0%	NL (-4%)	Frozen potatoes (EUR2bl)
TROPICAL & NUTS	8,5	8,6	1%	NL (+6%)	Bananas (EUR2bl)
CITRUS	4,2	5,0	18%	ES (+15%)	Oranges (EUR1.9bl)
JUICES	4,4	4,2	-3%	NL (-7%)	Orange juices (EUR0.8bl)
Total	61,7	62,9	2%	NL (+2%)	

- **Trade within EU worth EUR63bl (+2% YoY)** with NL and ES accounting for half of intra-EU exports and GER and FR accounting for half of intra-EU imports
- Fruits sector very dynamic pushed by 20%/30% YoY increases in the main products (oranges, apples, lemons).
- Vegetables down due to fall in potatoes trade (-25% YoY). Tomatoes stable (+ 1% YoY), bell peppers more dynamic (+5% YoY)

2. Zoom in on main products



Apples

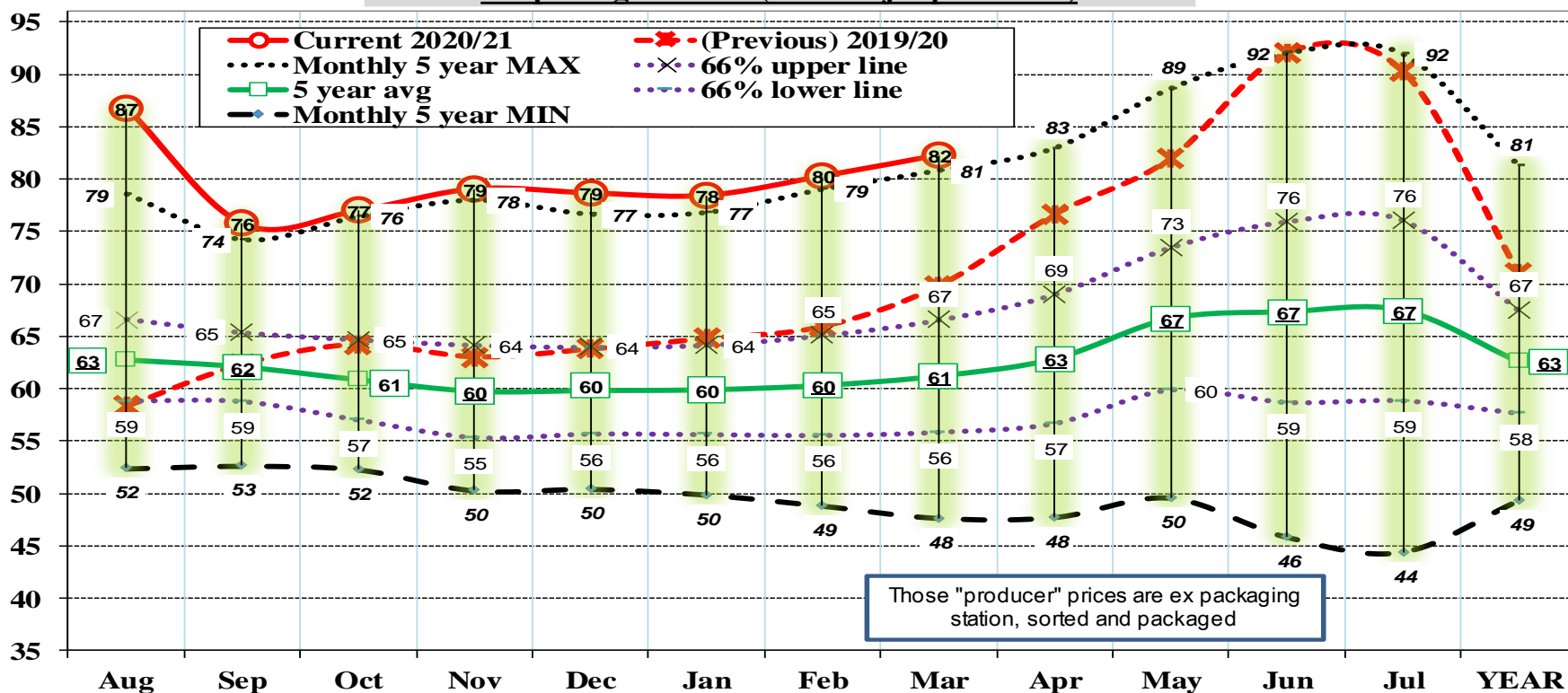
- As a reminder, very good previous campaign for the apple with high prices, lower production and no remaining stocks due to sustained demand especially during the period of lockdowns
- For the current campaign, **prices since August have been at historical high levels (around 30% higher than average)** due to, also this year, low production of 11,5M tonnes (Eurostat data), stable from last year and -3% vs. 5 year average). EU potential is estimated at 13M tons
- For the first 5 months of the season (up to December), the exports in terms of volume have decreased (-14% vs. 5 year average at 461K tonnes) whereas imports increased (+4% vs. 5 year average at 108K tonnes). The trend is expected to continue given the strong internal demand coupled with low production and increased competition on the export market



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€/100 kg

Apple prices in the EU (€/100kg=Euro cents/kg) Simple avg of 4 MSs (the 4 major producers)



Oranges

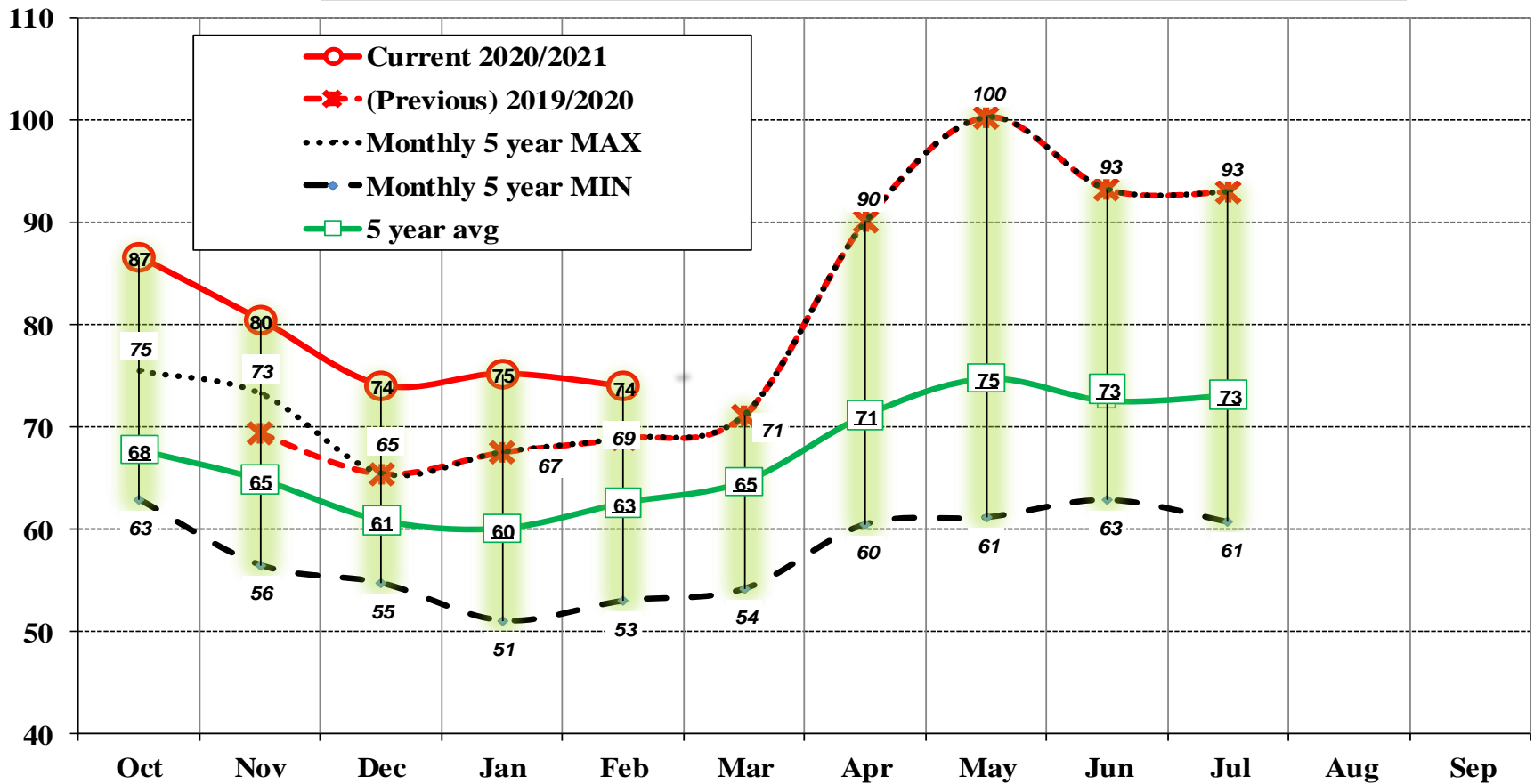
- As a reminder previous marketing campaign (2019/20) was good with above average prices and limited overlap between NH and SH due to lower crop in SH and high demand in the EU (Covid-impact)
- **EU production of fresh oranges at 6.6M tonnes (+8% vs. last year and highest in 10 years)** thanks to good weather conditions (Italy + 17% and Spain +1%)
- **Record high prices** (especially for big sized oranges) in the EU (see next slide) as retail demand still high. To be seen if prices will remain high in the next months given high volumes on the market
- High internal production & demand has affected trade flows so far by lowering imports (-22% vs. 3 year average at 126K tonnes) over the first three months of the season and increasing exports (+6% vs. 3 year average at 103K tonnes)



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€/100 kg

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



Tomatoes

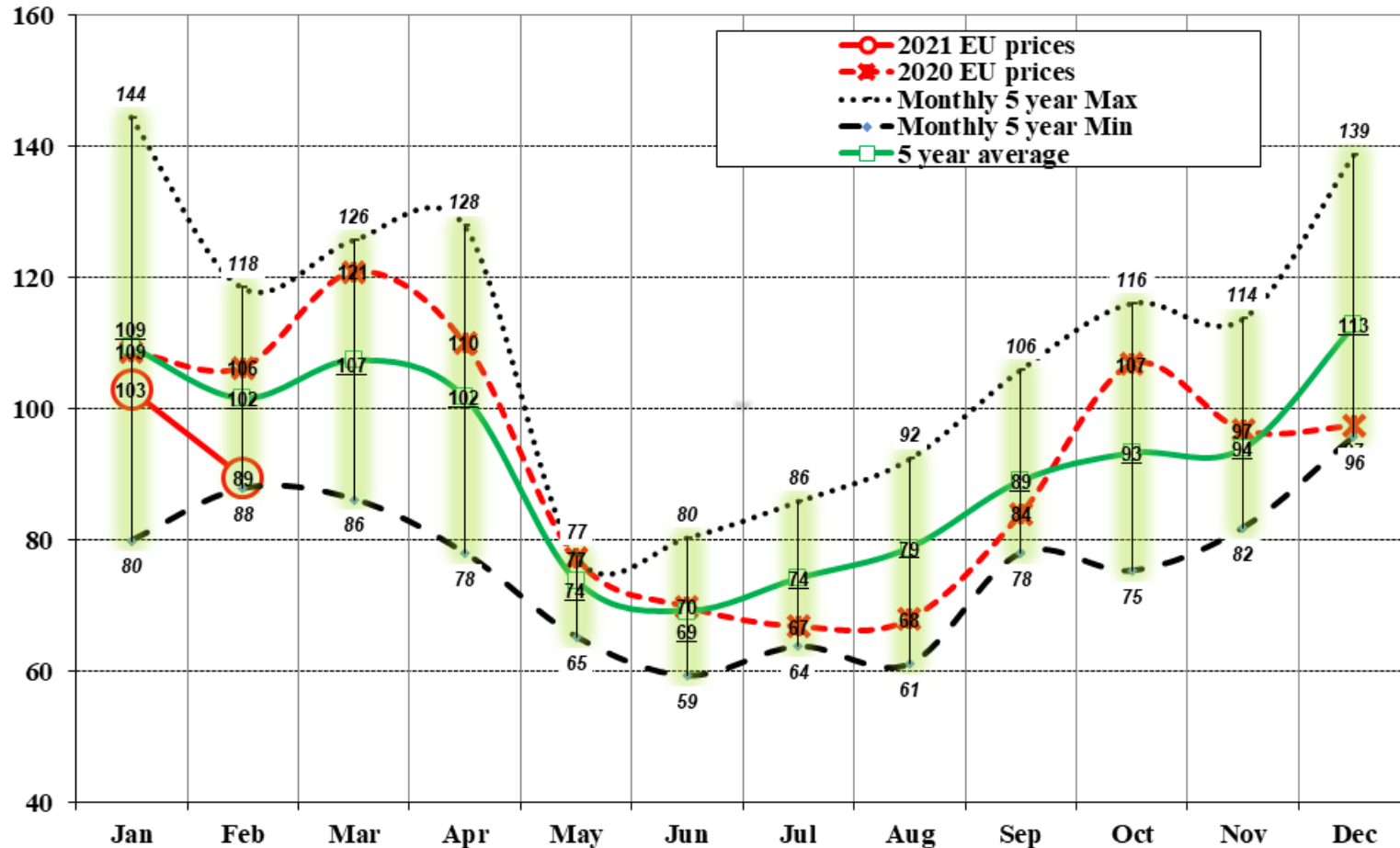
- «Winter» season started in October with EU prices higher than average (high demand and low supply). Drop in prices in November and December in ES and IT due to warmer temperatures. Cold snap and Filomena storm hit ES in January which slowed down the production and caused an **over supply in February putting pressure on prices** (low prices for February were recorded especially for ES and NL).
- Prices for first two weeks of March (up to week#10) on the surge with higher than average or average 5 year prices for ES, IT and FR.
- Production of fresh tomatoes for 2020 was of around 6M tonnes mainly for European consumption. **EU is net importer**: total imports for 2020 stood at 621K tonnes (+19% vs. 5 year average) and exports stood at 438K tonnes (-13% vs. 5 year average). In terms of value intra-EU trade stable at EUR3bl (NL: EUR1.3bl, ES: EUR0.8bl) more than 4 times extra-EU imports valued at EUR0.7bl (Morocco: EUR0.5bl, Turkey: EUR0.1bl).



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€/100 kg

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



3. International



- **US/EU truce: the EU and U.S. agreed to suspend all retaliatory tariffs (from midnight 11 March) on EU and U.S. exports imposed in the Airbus and Boeing disputes for a four-month period.** The suspension should provide some relief to the F&V sector although trade flows with the US are somewhat limited by numerous SPS barriers. The EU products most concerned were FR and GER jams, citrus fruit, cherries and juices whereas groundnuts and sweet potatoes were the most imported products by the EU from the US subject to extra tariffs
- **BREXIT – UK Government has decided to postpone the introduction of phytosanitary certification obligations** for most fresh produce, considered low risk plant products, until January 2022 (instead of April 2021), when documentary checks will start to apply. Moreover, physical checks at Border Control Posts on fresh produce will only be applied from March 2022 (instead of July 2021).

Statistical Value (£M)	EU - Jan21	Non EU - Jan21	EU MoM	Non EU MoM
Total exports from UK	7.811	13.397	-42%	-8%
Total imports from UK	15.135	20.388	-22%	-8%
Imports of fruits	205	90	-17%	20%
Imports of veg	130	272	-19%	7%
Imports of proces F&V	158	29	-26%	-20%

- Official UK trade figures for January 2021: the UK imported significantly less fresh fruit and vegetables from EU countries in January of previous years. In total, imports from EU countries shrank by 20%. Imports from non-EU countries, however, grew by ten percent. The EU imports share fell from 55% in previous years to 47% in January 2021.
- New trend? Possibly just a temporary blip due also to the fact that in preparation for Brexit, the UK clearly stockpiled by importing from the EU more of certain products (mandarins, apples, pears, and sweet potatoes) in November and December than in previous years.



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Thank you for your attention!