



Meeting summary

10 December 2020

A meeting of the pip fruit sub-group of the Fruit and Vegetables Market Observatory (F&V MO) took place on 10 December 2020.

Regarding the 2019/2020 apple season, the experts concluded that it was a very good year for the apple sector with high prices, lower production, and no remaining stocks due to sustained demand especially during the period of lockdowns due to the on-going COVID sanitary crisis.

For the on-going 2020/2021 apple season, against a potential EU apple production of up to 13M tonnes, the estimation for the EU28 is currently just short of 10.7M tonnes (slightly lower than the previous low crop season) with Poland at 3.4M tonnes (-4% vs. 5 year average), Italy at 2.1M tonnes (+3% vs. 5 year average) and France and 1.3M tonnes (-6% vs. 5 year average). The current apple stocks in the EU are in line or even slightly lower than last year with however a difference within Member States with the ones in the “west” with lower stocks and ones in the “east” with higher stocks (notably in Poland).

Lower competition is expected on the Asian market from the USA where the apple crop for the current season is estimated at 4.6M tonnes (5M tonnes a year ago) and where stocks in November were 11% lower than last year.

The trade of apples remains mainly within the EU market: based on 5-year average 2015/2019, it is valued at EUR 2.8bl, of which EUR 1.6bl intra-EU, EUR 0.7bl extra-EU exports and EUR 0.5bl extra-EU imports. In terms of quantity, around 4M tonnes of apples are traded yearly (of which 2.2M tonnes intra-EU, 1.3M extra-EU and the rest imported from outside the EU).

Among the challenges for the EU apple sector mentioned by the experts, there are: i) new plantations increasing an already high level of potential production of 13M tonnes against a decreasing consumption trend; ii) protection of the crops with the potential ban of high risk substances (and possible unlevelled playing fields with exporting neighbouring countries); iii) Brexit uncertainties (in

particular apples for France and pears for the Netherlands); and iv) production growth in the EU neighbouring countries potentially leading to more global competition and less exports to those countries.

With regards to pears, the revised forecasts for the on-going season point to a total EU production of 2.2M tonnes (in line with 5 year average) with Italy at 610K tonnes, the Netherlands at 400K tonnes and Belgium at 390K tonnes.

The experts also presented the past season for the southern hemisphere (Australia, Chile, Brazil, New Zealand and South Africa): apple production for 2020 estimated at 5M tonnes out of which 1.7M tonnes exported globally. In particular, exports to the EU from SH increased by 10% in 2020 (YoY) due to good demand for apples during COVID 1st wave in the EU and lower EU crop for season 2019/2020.

The discussion then turned to the processing sector which usually absorbs around 30% of EU apple crop with around 3M tonnes for juices and concentrates (mainly processed in Poland) and 0.5M tonnes for compote and puree. With regards to the latter, it was observed that i) there was no significant increase in at-home consumption due to the COVID crisis, while sales in the out-of-home-market almost disappeared; ii) the supply was kept despite the challenges (e.g. availability and protection of workers including seasonal workers, factory conditions, logistical disruptions); iii) these challenges however led to increased productions costs which were not reflected in the products’ systematically low retail price.

Finally the Commission presented the efforts in increasing market transparency with new prices available at additional chain stages in 2021 and a report by the Joint Research Centre on historical trends in apple production in Poland.