

MEETING OF THE EU EXPERT GROUP / Observatory, PIP FRUIT, 10th March 2023**Apples: market situation in Italy**

The stocks situation at the beginning of February was fairly good. Volumes seem to be manageable and in line with the sales programs made at the beginning of the commercial season.

In fact, figures for the first part of the season can look positive but, in many cases, there was more de-stocking than sales, especially for certain varieties (like Gala). In fact, producers were deeply concerned about the quality of the apples because of the high temperatures registered in the summer and around picking time. For this reason, apples were sold quickly and at less favorable prices than initially expected.

This explains the early finishing of Gala. Regarding the prices, even if they were sometimes higher than in the past season, they cannot compensate the huge rising of costs that the growers and the entire industry is facing (from electricity to packaging...). To compensate the soaring costs, prices should be at least 15 cents higher, but the market has not been able to accept such a raise. Inflation, together with lower consumption, makes impossible to increase the average selling price and at the same time push the sales.

The revenue for producers will be negative on average – this will have an impact on the short terms as this situation limits the possibility to invest and innovate, eroding capital reserves and jeopardizing the future of the apple industry.

The second part of the season looks under control in terms of volumes, as stocks are on average on the low side (or even the lowest of the decade for Golden Delicious). For this reason, growers hope to partially reverse the season development. With general costs at the same level of season 2021, the results could be judged as quite good – but this is not the case.

The Italian market is not very responsive – inflation and low consumption hugely impact the apples sales, and even the EU markets seem to suffer the conjunctural situation. Export overseas and to third countries, especially to Middle East and South America, is going well despite the logistic costs (still higher than the normal) and longer transit times, which sometime impact on the quality of the produce at arrival, increasing the risk of expensive claims and rejections.

The organic apples sector is also facing a difficult phase – premium products in general have difficulties in finding their place in the market, nationally or internationally. Moreover, the offer of organic produce is too high if compared to the demand, which remains low.