



EUROPEAN COMMISSION  
 DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT  
 Directorate E – Markets  
 The Director (acting)

Brussels,  
 AGRI.E2/LF/2022/2353809

**MINUTES**  
*of the Videoconference Meeting of the Expert Group Fruit and Vegetables  
 Market Observatory – subgroup Pip Fruit  
 Subgroup Pip Fruit*  
*8<sup>th</sup> March 2022 from 9.30 to 12.30*

Chair: DG AGRI Unit E2

Delegations present: All organisations were present except WUWM and COPA.

**1. Approval of the agenda**

The ongoing agenda was approved.

**2. Nature of the meeting**

The meeting was non-public and was web-streamed with interpretation.

Language regime: FR-EN-IT-ES- PL to FR-EN-IT-ES-PL.

**3. List of points discussed**

Introduction

The Director for Markets in DG AGRI opened the meeting and made an overview of the situation in the agricultural and food sectors in general, emphasising the preoccupations at the EU level to ensure high quality food to the citizens, especially in the context of the war in Ukraine.

He also signalled the extraordinary session of the AGRIFISH Council held on 2nd March 2022 in order to discuss the exceptional circumstances to which the EU is confronted. The main issue discussed during that meeting was that the EU has to take the food security issue more seriously into consideration and to avoid to become dependent on the imports from the third countries, especially from those on which the EU cannot rely, like Russia.

Thanks to its very efficient and effective common agricultural policy, the EU is not in a difficult position and all the key objectives are met. However, the recent increasing prices in the agricultural sector mainly due to the increasing energy and fertilizers costs created additional stress and the Commission had to adopt measures and to find adequate solutions while keeping sustainability objective, like climate change, green deal or farm to fork strategy.

The new Communication on energy situation, very relevant for the sector, is ready to be adopted by the Commission on 8th March 2022. The Communication on food security and reinforcing the resilience of food systems is scheduled to be adopted by on 23rd March 2022 and the Expert group on food security is expected to meet during the week of 8th March 2022.

There are also specific actions in the fruit and vegetables sector, which are meant to ensure that the consumers will continue to have affordable prices for the products concerned by the sector. The Commission has the intention to assist Member States based on the provisions included on article 219 of the Regulation on the Common Market Organization to support the sectors most affected.

The Director for Markets reassured the participants that the Commission is monitoring closely the market and paying attention to the different signals provided by the fruit and vegetables sector, like prices, supply, domestic consumption, imports and exports, trends on organic versus conventional, in order to be able to develop the correct policy.

#### Status of prices and stocks in the EU

EU average prices are above the average of the 5-year reference period for most Member States, including 3 of the 4 major producers.

In the case of Poland prices are slightly below the reference period in a context of a challenging situation due the large volume of the crop and the big volumes of stocks.

Current political events in the East of Europe imply that it would be difficult to find market outlets for the current high level of stocks.

On 1 February 2022, the level of Polish apples stocks was 322 thousand tonnes, above the average of the reference period.

#### Exchange of views on the market

Experts recalled that it is a year with overall high production in apples (close to 12 million tonnes), with PL with a high production, and FR and IT with lower production and FR having smaller size/lower quality fruit after the late frost of 2021.

PL domestic market is not going well, producer prices are very low, lots of difficulty to find outlets for apples and stocks are still high. PL experts suggest that the Commission plays an intermediary role between MS authorities to share best practices on managing crisis situation with oversupply.

Apple stocks are still very important and export markets are closing.

Egypt was one of the main destination for exports. In March they have introduced a letter of credit system which guarantees payment but adds administrative burden.

The question of certificate of conformity for exports to the UK, as of 1st July 2022, is still looming in terms of additional cost and administrative burden.

Lots of concern for the next season already, if the crop is a “normal” one (around 10-12 million tonnes), with higher costs, especially on freight, contracted exports and lower EU consumption, this will be very difficult.

Pears have managed to have a reasonable season (lower production due to impact of late frost in 2021), although some trucks had to turn back from Belarus and the closure of the Ukrainian market are putting some pressure on the market.

All costs are high(er): production, input, energy, logistics. Competitiveness is impacted. The fall of the PL zloty and the euro compared to the dollar is also a double edge sword: any advantage in terms of revenue is offset because costs along the supply chain are still priced in dollars (e.g. containers).

Some indication of cost increase: +20-30% input, +100% energy, +100 euros per truck/journey intra-EU, +\$1000 for a container in the Mediterranean, +\$4000 for a container to the rest of the world, depending whether this is a spot or contract container; +15% labour (with the added difficulty of non-availability of Ukrainian seasonal workers and truck drivers), +20% machinery/infrastructure.

Overall costs increase for f&v is estimated at 14 billion euros, while f&v price will only go up 5% - i.e. 6 billion euros, not compensating for this cost increase. There is a fear of collapse of the

market due to the combination of raising costs and closure of available export markets. The cost increase is 3-4 cent per kg of product, i.e. 10% of the value once placed on the market. Sector concerned about the ceiling that retail prices will reach to compensate for increased costs. ES experts are concerned about ES legislation forbidding sales below costs.

Container availability, in addition to higher cost, is also still an issue, and contracts are lost because shipments are delayed.

Also higher costs of energy for consumers and lower consumption of fruit post-COVID lead to a decreased demand. Lower purchasing power is affecting f&v in general, not just organic sector. In NL, consumption of apples fell by 15-20% compared to COVID period, NL exploring lowering VAT to 0 on fresh f&v.

#### South Hemisphere campaign

Southern Hemisphere season is starting. Their production is lower than average, not a concern as such, but they will want to re-route shipments originally intended for Russia to the EU. Along with displaced shipments from Turkey, these products are mostly category II products, smaller calibres and visually different in terms of quality, but also compliant with EU SPS standards, so there is a risk of increased pressure on the EU market. In addition, other fruits are being diverted to the EU market (bananas, citrus), and will compete with apples and pears.

#### State of play in the processed sector

For apple juice concentrate, price is always volatile, with EU competitive vs China when there is a larger crop. Raw material prices has now doubled. Market is however still ready to absorb the EU offer.

On the one side, exports to Russia will be blocked. But Ukraine is a large producer and has stocks that are now blocked in its factories, with spring activity also blocked and Moldavia cannot export because Odessa port is blocked. Chile in SH is also expected to have a smaller volume this year. So there is a market opportunity for EU processors. Issue will be competitiveness because costs are very high and there is a lot of global disruption, with payment defects expected.

For apple sauce, lower price of apples is offset by increased costs of packaging and energy. Retailers are blocking negotiations on sale price increase. Unlike apple juice concentrate, this is a "local" market, with processors within hundreds km of producers only.

#### Trends in the sales sector

The overview on the general retail sales is not positive and the indicators on consumer confidence are decreasing. The impact of the inflation will be reviewed with a new McKenzie study.

In DE, loose apples were promoted around 40% more in 2022 than in 2021 and the lowest promotional price was almost 15% lower than in the previous year. However, the average promotion price of 1.96 EUR/kg is about 16% higher than the average price of the previous year, while the most frequent price remains almost at the same price level of 1.99 EUR/kg.

Also the promotions of organic apples record a thick plus in the new year compared to the previous year. However, the conventional products continue to be more promoted than the organic ones.

In IT, after the excellent campaign of 2020, the food consumption has decreased significantly in 2021 and the inflation was at its highest since 2012, with 10% for certain products such as pasta, pears, oil and a number of vegetables.

Regarding the retail prices, data is not available at the moment for NL, whereas they have increased in ES, where the trend of the online sales reached 2.2 % of the sales.

Also in PT, the prices have increased on average by 10.7%, mainly due to higher fertilizers and energy costs for retailers.

#### **4. Next steps**

Publication of the factual elements of the report on the F&V MO website.<sup>1</sup>

#### **5. Next meeting**

The next meeting of the sub-group on pip fruit will take place in September 2022.

#### **6. List of participants**

Annexed.

(e-signed)

Michael SCANNELL

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<sup>1</sup> [https://ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/markets/overviews/market-observatories/fruit-and-vegetables\\_en#pipfruit](https://ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/markets/overviews/market-observatories/fruit-and-vegetables_en#pipfruit)

List of participants– Minutes  
***Videoconference (Interactio) Meeting of the Expert Group Fruit and Vegetables  
Market Observatory – subgroup Pip Fruit***

*Tuesday 8<sup>th</sup> March from 09:30 to 12:30*

<i>Organisations</i>	<i>Number of participants</i>
A.R.E.F.L.H.	2
EUCOFEL	2
EuroCommerce	1
European farmers (COPA)	0
European agri-cooperatives (COGECA)	1
European Association of Fruit and Vegetable Processors (PROFEL)	1
European Coordination Via Campesina (ECVC)	1
European Council of Young farmers (CEJA)	2
FRESHFEL	2
World Apple and Pear Association (WAPA)	2
World Union of Wholesale Markets (WUWM)	0
External Expert	2