**KEY MESSAGES**

**Olive oil: +10%**  
EU olive oil production in 2021/22

**Wine: +5%**  
EU per capita consumption

**Apples: +12%**  
EU apples production for processing

**Oranges: -7%**  
EU imports of processed oranges

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**SPECIALISED CROPS**

**HIGHLIGHTS**

2021/22 EU olive oil production could reach 2.3 million t (+10% year-on-year). Increasing inputs, packaging and transport costs, and a higher demand for olive oil to substitute other vegetable oils that are currently experiencing price spikes, should keep olive oil prices high. The substitution of other vegetable fats could drive EU olive oil consumption up (+7%) while some reduction in EU exports could take place (-3%).

EU wine consumption (affected by the Covid-19 measures) is expected to recover in 2021/22 with a 5% increase year-on-year, to 22.7 l per capita. The overall EU wine production remain high close to 155 million hl. Due to the strong demand in the US, EU wine exports are expected to increase by +6% year-on-year in 2021/22 to reach the record high level of 34 million hl.

The total EU production of apples remains high, close to 12 million t (+2% year-on-year). A noticeable slowdown in exports of fresh apples together with high stocks are driving the increase of the share of apples going into processing. The positive consumption effect from the COVID-19 pandemic has faded away, resulting in lower per capita consumption (12.1 kg).

EU production of oranges for processing is expected to increase strongly by 30% in 2021/22. The production of fresh oranges should see a moderate increase, leading to total orange production of 6.6 million t (+4% year-on-year). Both EU imports and exports of processed oranges reached a historical low level. Consumption of fresh oranges per capita is expected to decrease to 12.9 kg.
OLIVE OIL

ABOVE-AVERAGE PRODUCTION AND HIGH PRICES

Contrary to initial estimates of an average harvest, 2021/22 EU olive oil production could reach 2.3 million t (+10% year-on-year, driven by above-average oil yields). The increase in ES (7%), IT (20%) and a record harvest in PT (+106%, more than 200 000 t) are contributing to this, while EL production could drop by 60 000 t (-22%). Combined with ending stocks from the previous campaign, initial availability in 2021/22 is 5% higher (11% above 5-year average).

Olive oil production also recovered in non-EU countries. Tunisia reported an increase of 70% (+100 000 t), Morocco 25% (+40 000 t) while production in Turkey remained stable. Therefore, the global market is well-supplied.

Producer prices are staying well above the average in EL and ES. There, prices of extra virgin olive oil are around EUR 320-330/100 kg (12% above the 5-year average). The price in IT is 14% below the 5-year average. Export prices are growing as well. In the 2021 calendar year, the average EU unit value of olive oil exports grew by 25% year-on-year and reached more than EUR 4000/t in December. With increasing input and transport costs, the cost of packaging, combined with a higher demand for olive oil being a substitute for other vegetable oils that are currently experiencing a spike in prices, olive oil prices are likely to remain high.

WEAKER EXPORTS AND EU CONSUMPTION UP

Shipments to the US, our main export destination, dropped in Oct-Dec (-8%). This is relative to restocking which took place at the same period last year after a removal of retaliatory US tariffs. However, some reversal could be expected later in 2022. Meanwhile, Asian markets could continue to grow, but any growth in EU exports could be limited by increasing prices and weakening of purchasing power. In 2021/22, EU exports are expected to weaken compared to the last campaign (-3%) and could reach around 780 000 t, assuming still weaker flows in upcoming months.

Larger availability in non-EU countries could support EU imports, especially from Tunisia. Due to lower producer prices in these countries, these imports could also play a role in securing contracts in some more price sensitive markets.

EU consumption could grow (+7%) despite currently higher prices as prices of other fats (e.g. vegetable oils and butter) increase even more. This creates opportunities for olive oil as a substitute in home cooking, foodservice or the manufacturing of canned products.

Higher initial availability combined with lower exports and despite higher EU consumption could lead to higher ending stocks (around 700 000 t).
**WINE**

**GOOD OVERALL WINE PRODUCTION**

Contrary to the initial expectations following the late frost event last spring, 2021/22 EU wine production is estimated to reach around 155 million hl, slightly below the 2020/21 marketing year level and close to the 5-year average. The production drop in ES and FR (around -13% year-on-year) was compensated by the significant increase in IT (+19% year-on-year) and PT (+15%). EU wine production of the five main producers (90% of total EU production) is therefore slightly above the 5-year average. Other EU countries (RO, AT and EL) also show an upward trend.

EU wine consumption, previously affected by COVID-19 measures (notably the closure of bars and restaurants -about 30% of the EU consumption), is expected to recover in 2021/22 with a 5% increase year-on-year, at 22.7 l per capita (almost back to the 5-year average level).

Vinified production for “other uses” (including distillation, vinegar and brandies) should return to pre-pandemic levels, in line with the long-term trend, after the 32% increase in 2020/21 due to crisis distillation measures.

**EU WINE EXPORTS AT RECORD HIGH LEVEL IN 2021/22**

EU wine exports are expected to increase in 2021/22 to reach the historically high level of 34 million hl (+6% year-on-year, +10% compared to the 5-year average), driven by strong demand in the US. The top export markets in value are expected to include the US, UK, China and Canada. The positive trend continues over the first 5 months of 2021/22 both in volume and value exported (compared to the same period of 2020/21).

The main EU export markets remain the US (with a share of 22% in volume and 26% in value) and the UK (23% in volume and 19% in value). The volume exported to the US and the UK in Aug-Dec 2021 increased by 14% and 10% respectively (compared to the same period last year).

In 2021/22 EU wine imports are forecast to decrease by 1% compared to 2020/21 (-7%/5-year average following a long-term trend), due to a drop in imports from Chile and of UK re-exports.
After two campaigns (2019/20 and 2020/21) with slightly lower than 5-year average production, high prices and sustained demand, the EU’s production of apples for the campaign 2021/22 is estimated to be close to 12 million t (+2% year-on-year and compared to 5-year average). The lower than usual harvesting in FR and IT is due to frost events last year (also affecting the quality) and was more than compensated by a generous crop in PL above 4 million t (+13% year-on-year). The PL domestic market is expected to face difficulties due to fewer export opportunities (see below) and high levels of stocks. This will result in an increase in the share of apples going into processing (+34%). In total, at EU level, around 6 million t of apples are expected to be sold for fresh consumption (-5% year-on-year and -11%/5-year average) and 5.3 million t for processing (+12% and +32% respectively).

While the apparent consumption of processed apples is expected to remain the same as in 2020/21 (10.8 kg per capita), EU per capita consumption of fresh apples is expected to fall (12.1 kg compared to 12.3 kg in 2020/21) due to a general post-COVID slowdown in consumption.

The Belarus embargo on imports of fruit from the EU is expected to reverse the previous export forecasts for fresh apples, with a 14% decrease year-on-year (-22%/5-year average), also due to the ongoing logistics challenges (high freight costs and container availability). Exports of fresh apples to Egypt, which increased significantly in recent years and contributed to slowing down the overall EU declining export trend, could level off after the recent obligation to provide letters of credit to export to this country. Partial repositioning towards the EU is expected as some of the fresh apples aimed at the Russian and Ukrainian markets might be exported to the EU by third countries, thus increasing overall EU imports (+15% year-on-year and +5%/5-year average).

In 2021/22, EU exports of processed apples could increase by 33%, (+14%/5-year average) driven by difficulties faced by other producing neighbouring countries which would increase the competitiveness of the EU industry. In a similar vein, EU imports of processed apples are expected to reach a record-low level of 900 000 t (-19% year-on-year, -22%/5-year average). Imports from Ukraine are expected to come to a halt due to the ongoing Russian invasion (Ukraine exported 30 000 t to the EU in 2020/21).
ORANGES

HIGH EU PRODUCTION FORECAST FOR 2021/22

2021/22 EU orange production is expected to increase by 4% year-on-year to 6.6 million t (+6%/5-year average), driven by a 5% growth in ES (52% of the EU production) and a 10% growth in IT (second largest EU producer, 28% of EU production).

As quantities destined for fresh production are expected to remain stable (5.4 million t), the production in excess redirected for processing could significantly increase (30% year-on-year).

The fading away of the positive impact on consumption from the COVID-19 pandemic (i.e. the importance of citrus fruits for healthy lifestyle and diet) combined with reduced consumer spending should result in a reduced consumption of fresh oranges at 12.9 kg per capita.

The total growth of production in ES and IT should push overall yields up to 24 t/ha, a 5% increase year-on-year (7% above 5-year average).

IMPORTS OF PROCESSED ORANGES AT RECORD LOW LEVEL

EU imports of processed oranges are expected to be down to 3.3 million t (~7% year-on-year and ~22% compared to 5-year average) as a result of lower import of concentrated orange juice from Brazil. The EU exports of oranges for processing are expected to remain unchanged.

While EU exports of fresh oranges are forecast to increase in line with the rise in production (+10% year-on-year, +6% above 5-year average), imports are projected to be flat. If on one side the suppliers of oranges to Russia and Ukraine could partially redirect their volume to the EU market, this effect could be counterbalanced on the other side by logistical difficulties including rising transport costs and the obligation to meet EU sanitary and phytosanitary requirements.

The apparent EU per capita consumption of processed oranges is expected to remain unchanged (7.7 kg, 8% below 5-year average) with higher production and an expected drop in imports.

Source: DG Agriculture and Rural Development, based on Eurostat.