Ref. Ares(2020)3140145 - 17/06/2020

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate G. Markets and Observatories
The Director

Brussels,
AGRI.DDG3.G.2/CK/pmc (2020) 3456029

MINUTES

Meeting of the Videoconference Meeting of the Expert Group Fruit and Vegetables Market Observatory – subgroup Stone Fruit

8th June 2020

Chair: J. Onofre, Head of Unit AGRI.G.2

Delegations present: All Associations were present.

1. Approval of the agenda

2. Nature of the meeting

The meeting was non-public and was held via videoconference.

3. List of points discussed

Presentation of the Market Observatory

The new F&V MO aims at improving market transparency as well as helping to tackle price volatility and to monitor market disturbances. The F&V MO includes an economic board composed of representatives of stakeholder organisations and a dedicated website with dashboards, statistics, reports and outlook information.

The economic board is formally a Commission expert group. It is divided in sub-groups of products of main economic importance, i.e. tomatoes, citrus fruit, stone fruit and pip fruit. The tasks of the board are to give advice on economic factors affecting market developments, to provide market information and to assess the current market situation.

The F&V MO website is online. It contains a large set of market data that will be updated regularly, as well as the details of the economic board.

Available market information and priorities of the Market Observatory

The current price monitoring in DG AGRI is based on Member States' notifications of producer prices of peaches, nectarines, apricots, plums and cherries sorted and packaged, i.e. prices at ex-packaging station. EU average prices are calculated by averaging the prices recorded in the main producer Member States. For peaches and nectarines, both yellow and white flesh varieties of size A and B are taken into account.

The group discussed possible ways to improve price monitoring. Some experts were in favour of including smaller fruit sizes and other packaging sizes in the reporting. Some experts also considered that a different weight should be given to each producing Member State in the calculation of the EU average price. Experts were asked to continue the reflection and to provide contributions on possible improvements of price monitoring.

For future meetings, experts were requested to provide information on harvest forecast and balance, assessment of the market situation, market trends at retail or wholesale, and consumption.

Market situation

The Commission presented the previous campaign (spring/summer 2019) based on official EUROSTAT data as well as Member States' prices notifications. In terms of stone fruit production, 2019 was in line with 2018 with around 7.3M tonnes. This overall stability masks however different performance of the various products:

- +6% in 2019 vs. 2018 for peaches/nectarines (pushed by good performance of Italy and Spain as main producers) with total production at 4.1M tonnes
- +7% in 2019 vs. 2018 for apricot (pushed by good performance of Italy, main producer) with total production at 0.8M tonnes
- -11% cherries and – 8% plums as the main producer (respectively Poland and Romania) came back to a more level of production after an exceptional year in 2018 with total production at 0.9M and 1.6M tonnes respectively.

In terms of production area, the trend of reducing surface for peaches and nectarines was confirmed also in 2019 for Italy and Spain (stability for Greece and France). This is expected to continue in 2020 and could help the sector to get to healthier market dynamics better matching supply and demand.

In terms of prices, although the EU price of peaches for 2019 was higher than the 5 year average, it was lower than 2018 which was quite a good year (with levels not been so high over the 5 year time span). The EU average however masks important differences with generally high prices in France (which over the years has reduced consistently its production which is directed mainly to internal consumption) and generally lower prices in Spain, Italy and Greece (which are more export oriented producers and compete for market shares in terms of quality and prices). Some experts confirmed that the price pressure on peaches and apricots was very high during several weeks of the 2019 campaign.

Moreover in terms of trade, the Commission noted the overall decrease in the last years of exports for peaches and nectarines since the Russian embargo in 2014 with the lowest point reached in 2018 and a rebound of 15% in 2019 at 179K tonnes exported (thanks to exports doubling in Ukraine in 2019 – now main exporting market for EU28). In 2019 Greece was exporter number 1 to outside the EU-28 (58K tonnes) whereas Spain was by far the main exporter intra EU-28 (587K tonnes). It is expected that next year figures will be without the UK which in 2019 depended heavily for their consumption on imports from the EU-27 (80K tonnes) and in particular Spain. Finally, with regards to processed food, it was pointed out that for the most important of them in terms of trade flows – canned peaches – the positive trade balance for the EU28 widened in 2019 with a very good performance of exports towards the US (doubling in 2019) which could be difficult to maintain in 2020 given the introduction of tariffs by the US towards the end of 2019.

Experts discussed the forecast for the 2020 campaign. They expect the lowest production in several years for peaches and nectarines: 3.2M tonnes for the EU, -17% compared to 2019, with Italy seeing the largest decrease and dropping below 1M tonnes. Experts also foresee a smaller production for apricots: 400K tonnes for the EU, -28% compared to 2019, with a decrease spread evenly across the main producing Member States. The production drop is due to weather conditions, but also in some regions to the effects of stinkbug outbreaks and uprooting to limit production. For canned peaches, first estimates are above 430K tonnes, but weather conditions can still affect production. The Commission also reported about the first prices received from Spain (where the season usually starts earlier than anywhere else), which are higher than 5-year average prices. This is considered a positive sign as the first prices usually set the tone for the rest of the campaign.

Exchange of views on the market situation, impact of the COVID-19 pandemic on the EU and world situation

The group discussed the impact of COVID-19 pandemic on the stone fruit sector. Experts reported that producers see additional cost at all stages of production and warned that this is not a temporary situation. According to some experts, final product quality could be affected by lack of access to experienced seasonal workers. Another concern lies in the purchasing power of households, which has been affected by the situation and will affect demand for products such as peaches and nectarines during the summer season. Experts nevertheless hope for a positive campaign, compared to difficult 2019 campaign. On the retail side, retail purchases of fresh fruit in general went significantly up during the lockdown (e.g., in France +9.4% over 2019 and +9.8% over 3-year average), but are now stabilising, with prices stable or slightly up during the lockdown.

4. Next steps

Publication of the factual elements of the report on the F&V MO website.

5. Next meeting

The next meeting of the sub-group on stone fruit is scheduled for spring 2021 (date to be confirmed).

6. **List of participants** (annexed)

[e-signed]
Michael SCANNELL

List of participants– Minutes

Videoconference Meeting of the Expert Group Fruit and Vegetables Market Observatory – subgroup Stone Fruit

8th June 2020

Associations' name	*Number of participants*
A.R.E.F.L.H.	**2**
CEJA	**2**
COGECA	**2**
COPA	**1**
ECVC	**1**
EUCOFEL	**1**
EUROCOMMERCE	**1**
FRESHFEL	**2**
PROFEL	**1**
WUWM	**1**
total	**14**