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14

## KEY MESSAGES

### Olive oil: +9%

EU olive oil consumption in 2021/22

### Wine: -3%

EU wine production in 2021/22

### P&N: +5%

EU consumption of fresh peaches and nectarines

### Tomatoes: -14%

EU tomatoes production for processing

## SPECIALISED CROPS

### HIGHLIGHTS

2021/22 EU olive oil production increase of 11% was supported by a higher oil content of olives. Above-average EU producer prices of olive oil are likely to remain due to sustained high input and transportation costs, and high prices of other oils and fats. EU exports are forecast to decline compared to a record level last year while some recovery in EU consumption is expected. Ending stocks could be lower than expected, moving towards a likely below-average EU production in 2022/23.

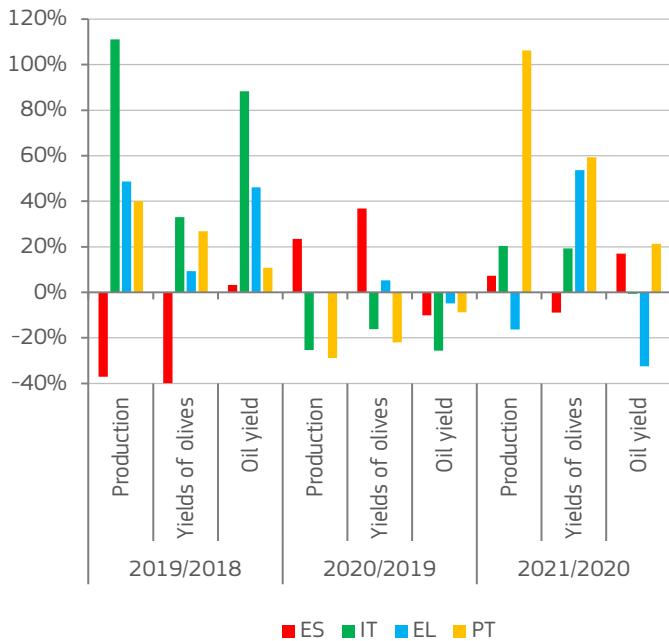
Despite the decrease of EU wine production and imports in 2021/22, the consumption is expected to increase by 5% to 23 l per capita due to lower exports and decreased use of vinified production for “other uses” (distillation, vinegar, brandies). When buying, consumers increasingly pay attention to origin of wine, followed by taste and brand.

2022 EU per capita consumption of fresh peaches and nectarines is due to increase to 6.1 kg (still below a long-term average) despite the lower purchasing power. This could be thanks to a higher production, the good weather and the return of tourism.

After a very good season in 2021 with high production, good consumption, great quality and low stocks, EU production of tomatoes in 2022 is expected to decrease by 9% to 16.5 million t. The production for processing is forecast to drop by 14%, while production for fresh consumption by 3% year-on-year. The lower production is due to drought, lower expected demand, switching to alternative, more profitable crops and lower planting in greenhouses due to very high energy costs.

# OLIVE OIL

Annual change of olive oil production, yields of olives and oil yields in main EU producing countries



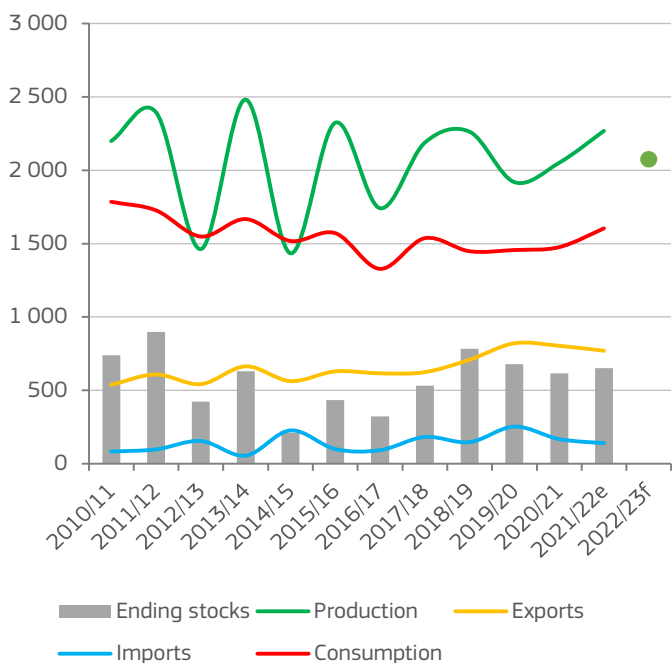
Source: DG Agriculture and Rural Development, based on Eurostat.

## EU OLIVE OIL PRICES REMAIN ABOVE AVERAGE

The latest MS notifications confirmed the EU olive oil production recovery in 2021/22 (+11% year-on-year), reaching almost 2.3 million t. This was supported by both increasing yields of olives (+7%) and the yield of oil (+6%). However, the situation is mixed in main producing countries. While the yields of olives were lower year-on-year in ES (-9%), this was compensated by a higher oil content (+17%). By contrast, the annual drop in Greek production (-16%) was due to a lower oil content (-33%) despite higher yields of olives (+54%). The record harvest in PT (more than 200 000 t) was the result of 59% higher yields of olives as well as an improved oil content (+21%). In IT, the production increase was supported to a great extent by olives yields growth (+19%) while the oil content remained almost unchanged.

After an initial shock caused by the Russian invasion to Ukraine in March, EU olive oil prices slightly relaxed but remain still well-above a 5-year average. In ES and EL, the national prices of extra virgin olive oil are around EUR 340/100kg (respectively 19% and 16% above 5-year averages) while in IT, it is EUR 430/100 kg (-5%). These prices are likely to remain high due to sustained high input and transportation costs, and the high prices of other oils and fats. This could be further supported by lower expectations

EU olive oil production, consumption, trade and ending stocks (1000 t)



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

## EU OLIVE OIL CONSUMPTION INCREASING

The EU consumer price of olive oil continues increasing. In May, it was 16% above the last year (19% for butter, 45% for other edible oils). However, the EU olive oil consumption keeps on growing thanks to sustained retail sales and the foodservice recovery. It is expected that in 2021/22 it could be 11% higher in the main producing countries and stay at the comparably high level of last years in other EU countries.

EU exports are in Oct-Mar 9% below the same period last year due to increased prices and record flows in last campaign. In 2021/22, this trend is expected to lead to exports drop of 4%. However, this is still 8% above the last 5-year average. In Oct-Mar, EU imports were much below the last year (-26%), driven by lower shipments from Tunisia despite a good harvest there. Due to their own food security concerns, and lower vegetable oils imports from Ukraine, it is possible that Tunisia will keep domestic stocks higher, and therefore EU imports could only reach 140 000 t. This would contribute to lower-than-expected ending stocks (650 000 t).

The lack of rain and water for irrigation in some producing regions of ES and IT, and a bi-annual alternation in PT might lead to a decline in 2022/23 EU olive oil production despite some recovery expected in EL. These expectations should continue supporting producer prices in the upcoming months.



# WINE

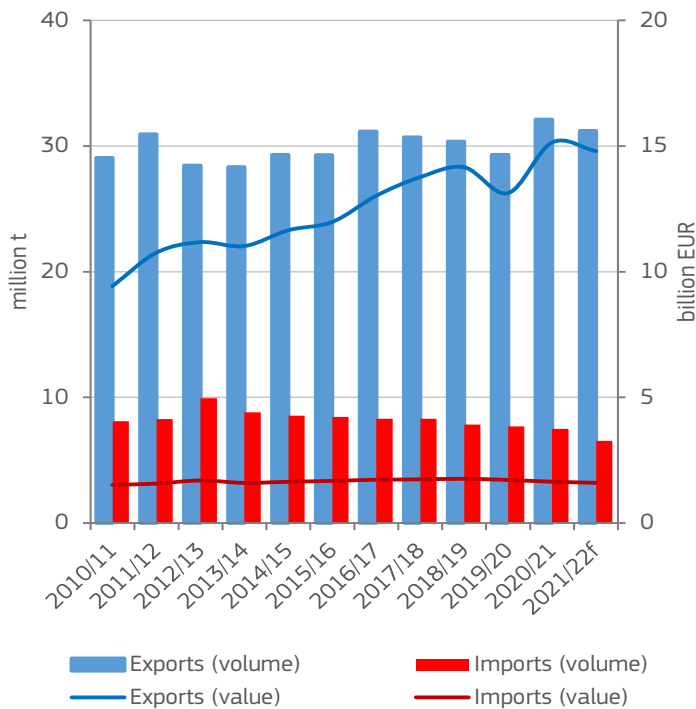
## SITUATION ON WINE MARKET BACK TO NORMAL

2021/22 EU wine production is estimated to decrease by 3% to 153 million hl, returning to a long-term average before COVID-19 pandemic. The record high production (+19% year-on-year) in IT, largest EU wine producing country, will not compensate for the drop in FR and ES (-19% and -13% year-on-year respectively). A record high production is also expected in PT (+15% year-on-year), the fifth largest EU producers, following DE. Two thirds of the wines produced are quality wines.

EU wine consumption, affected by COVID-19 measures, is also normalizing. With an expected 5% year-on-year growth (23 l per capita in 2021/22), it is on track to meet a pre-COVID-19 average level. An increasing trend in the wine consumption can be observed – consumers put more and more often origin of wine first (while agreeing to pay a higher price), followed by taste and brand.

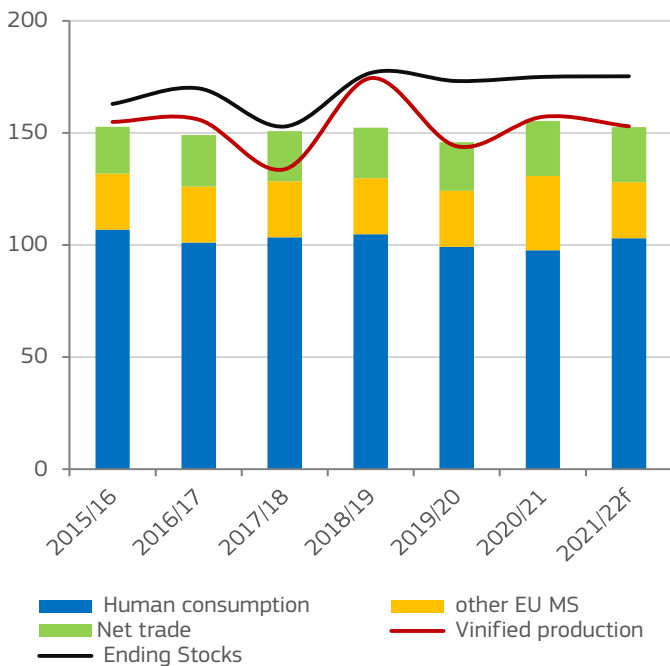
The decrease (-24% year-on-year) in vinified production intended for distillation, vinegar and brandies (Other uses) reflects the end of crisis distillation triggered during the COVID-19 pandemic and its level is returning to the long-term pre-pandemic trend.

EU wine trade in volume and value



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

EU wine production, consumption, net trade and ending stocks (million l)



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

## EU WINE EXPORTS SLOW DOWN AFTER RECORD HIGH LEVEL IN 2020/21

After the historically high level of EU wine exports in 2020/21 (supported by removed US duties and large stocks), EU shipments in 2021/22 are expected to decrease to 31.2 million hl (-3% year-on-year), driven by a drop in exports of PGI wines. This marks a return closer to a longer-term trend. Main factors influencing the exports are increasing energy and transport costs, as well as costs of packaging (paper, glass, cardboards and aluminium).

The main EU export markets in value terms remain US, UK, Switzerland, Canada and China with the share of PDO wines close to 80% followed by PGI wines with a share of 13%.

EU imports of wine are declining since 2012/13. In 2021/22, they are expected to decrease to 6.5 million hl (-13% year-on-year, and 18% below 5-year average), driven by a drop of imports of varietal and PDO wines.



# TOMATOES

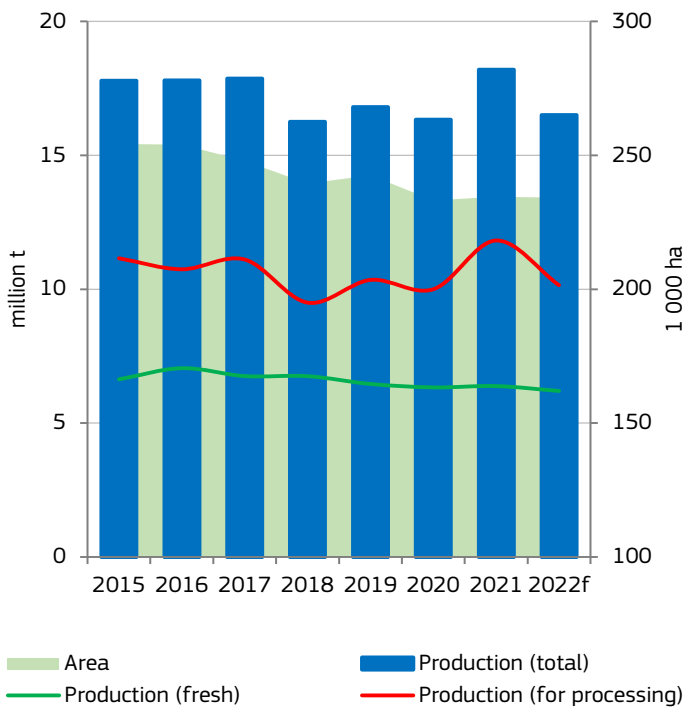
## TOMATO PRODUCTION DECLINING

2022 EU production of tomatoes is expected to decrease by 9% to 16.5 million t (3% below 5-year average). The annual production of tomatoes for processing (around 60% of total production) is expected to drop by 14% to 10.1 million t (3% below 5-year average) due to dry conditions (affecting mainly Spain and North of Italy), lower expected demand especially for retail products and competition from more profitable crops (e.g. maize, sunflower). EU production for fresh consumption is estimated to decrease by 3% to 6.2 million t (5% below 5-year average). The main factors are less plantings in greenhouses due to very high energy costs, an ongoing switch between varieties towards cherry tomatoes.

While the annual EU fresh tomatoes consumption is expected to decrease slightly (-2% year-on-year), the decline in apparent EU consumption of processed tomatoes would be significant (-25% year-on-year) reflecting the increase of stocks in the previous year.

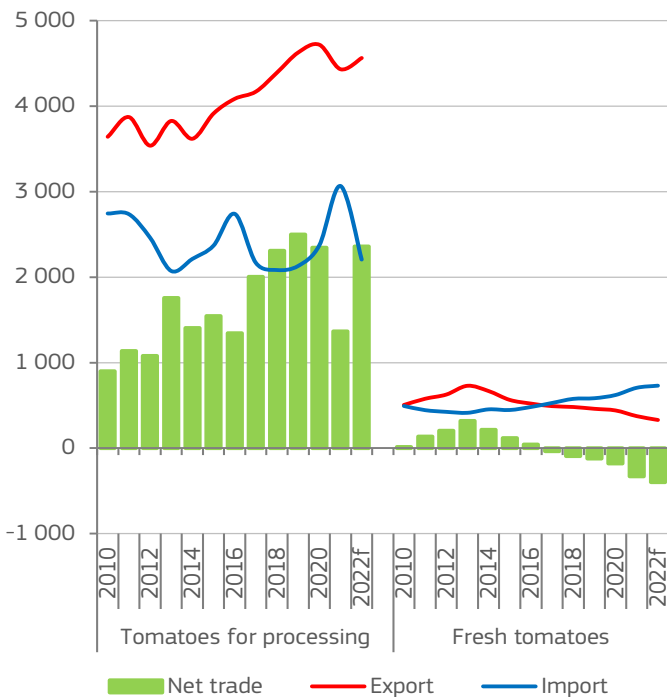
Per capita consumption of both fresh and processed tomatoes decreased reaching pre-pandemic levels (14.6 kg fresh tomatoes and 17.2 kg processed).

EU tomatoes area and production



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

EU trade of tomatoes (1000 t)



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

## IMPORTS OF PROCESSED TOMATOES DOWN

EU imports of fresh tomatoes (continuing upward trend) are expected to increase in 2022 by 3% to 730 000 t (23% above 5-year average). In 2021, around 67% of EU fresh tomatoes imports were from Morocco (the largest source of imports), followed by Turkey which increases its share in the EU market (25% in 2021/+5 pp above 2020).

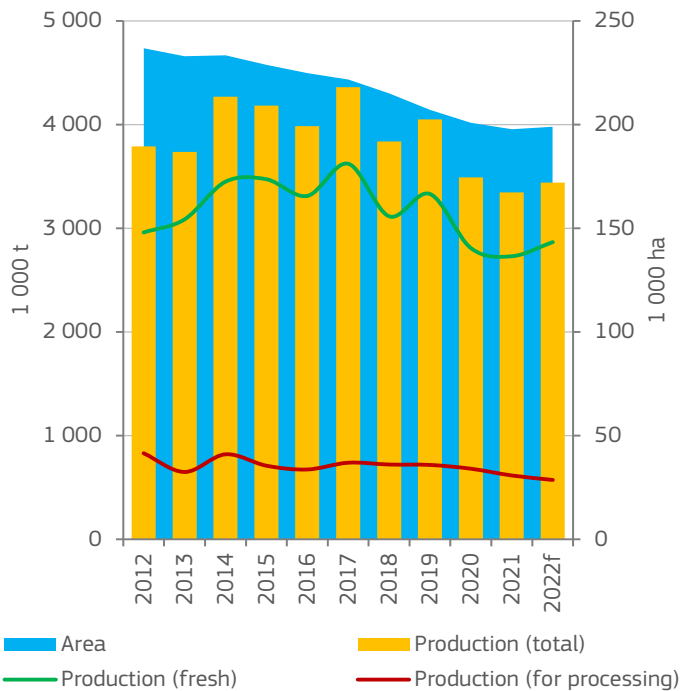
EU exports of fresh tomatoes continue declining, following a 10-year trend. In 2022, they are expected to drop to 330 000 t (-12%/2021) as a consequence of Brexit and gradual loss of the UK market (75% of EU fresh exports in 2021) due to increased competition from Morocco in particular. In Jan-Mar, exports to UK dropped by 28% compared to the same period last year.

Due to high EU production in 2021, imports of processed tomatoes are lower in 2022 (-28% year-on-year, with the volume close to pre-pandemic average), while exports are expected to increase by 3%. Lower imports are also partially explained by a lower production (and hence lower exports) in Ukraine where the production is expected to decline by 75% due to the conflict. A reversed trend is expected in 2023 given the lower EU production in 2022 and a production increase outside of the EU.



# PEACHES and NECTARINES

EU peaches and nectarines production and area



## STABILITY IN THE AREA AFTER A LONG-TERM DECLINE

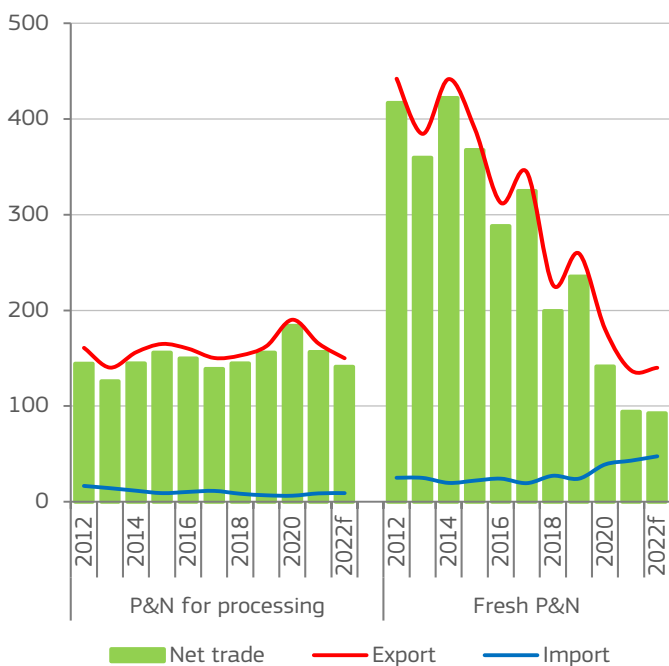
In 2022, total EU production of peaches and nectarines is expected to increase by 3% to 3.4 million t (9% below 5-year average), compared to the record low volumes last year affected by extreme weather events especially in IT. Positive production expectations in IT, EL and FR should this year compensate the significant losses in ES caused by historical frost damages and Cyril storm. As a result, Spanish production is expected to drop by 20%.

EU production for fresh consumption is due to increase by 5% in 2022 (7% below 5-year average) to 2.9 million t thanks to favourable weather conditions in IT and FR. By contrast, the annual production aimed at processing is expected to decline by 7% to 570 000 t, driven by decrease in ES (-47%) which is the second largest EU producer after EL.

The area which has been steadily declining since 2012 has stabilised at a level of 200 000 ha in 2022 mainly due to an increase in EL that should compensate the reduction in IT.

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

EU trade of peaches and nectarines (1000 t)



## AVAILABILITY IS DRIVING CONSUMPTION

Total EU consumption of fresh peaches and nectarines is expected to increase to 6.1 kg per capita (5% below 5-year average) after a low level of 2021 (5.9 kg) despite the weakening of the purchasing power. The consumption growth is driven by a higher fresh production, the good weather and the return of tourism. Apparent per capita consumption of processed fruits is expected to decline below 1 kg in 2022.

Although the expected higher fresh production should also boost the sales outside the EU, EU exports of fresh peaches and nectarines are due to be stable (around 140 000 t, +2% year-on-year). The current difficulties to export to the East (e.g. Belarus and Ukraine) should have a negative impact on sales. Following the UK and Switzerland (the main EU export partners), Belarus and Ukraine were in the top 5 destinations. EU imports of fresh products would follow the increasing trend and are expected to increase in 2022 by 11% to 47 000 t while remaining low relative to total production and consumption. EU imports of processed peaches and nectarines are due to remain at a level of 9 000 t in 2022. Exports could decrease by 9% year-on-year to 150 000 t due to a lower EL competitiveness, being dependent on Russian gas more than extra-EU competitors.

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

