

Increased logistics and packaging costs risk to compromise Italian apple sales campaign

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*There are comforting numbers for the start of the new Italian apple sales season but **the costs of raw materials and transports** risk to undo the producers' efforts.*

Italy must maintain a leading role in the European and international markets to balance its' national market: Selling a balanced share of fruits on foreign markets is strategically important to guarantee the equilibrium between supply and demand. However, this will prove difficult for the 2021/22 season.

The Covid-19 pandemic has not only affected people's health and living conditions but has also had impact on transport and production of raw materials. And there is no vaccine to remedy this. Due to the sharp increase of online sales, it is becoming increasingly difficult to find means of transport for fruits and vegetables in Europe. The pandemic caused reduced trade activities in many countries, putting the ship and container transport sector under pressure. **Today, although trades have gradually recovered, companies still have difficulties in procuring containers and consequently the prices are massively blowing up.**

It is estimated that **the costs for overseas transport will increase by 50%. This corresponds to about 0.06 € per kg of apples.** For truck transports within Europe, an increase of 20% is to be expected. Producers will find it difficult to shoulder these additional costs.

Then, raw materials such as paper and cardboard, have also become more expensive, so that packaging charges have risen by 20% compared to the time before the pandemic: Specifically, by 0.02 € per kg. Overall, this results in a cost increase of 0.08 € per kg compared to the recent past.

Over the last year, there were also **immense price increases for electricity (+365%), oil (+248%) and natural gas (+545%)**. These prices have partly recovered, however, for the individual citizen as well as for industrial enterprises, these cost increases are unfortunately still clearly noticeable.

Furthermore, there are the basic **production costs**, such as those for **fertilisers and pesticides**, which remain on the farmers' expenses.

Nevertheless, the coming sales season does not look bad. In Europe, a production of 11.735.000 tonnes of apples is expected (+ 10% on 2020 and 2019). Yet, frosts in spring and hailstorms in summer will likely result in more fruits to the processing industry compared to last year, resulting in volumes of fresh table apples practically equal to those of 2020.

The harvest in Italy is expected to reach 2.045.000 tonnes this year, a reduction of 4% compared to the previous year, whereby the quantity of table apples also in this case roughly corresponds to that of 2020. Last season's stocks are now rapidly running out and apart from the devastating effects of the hail in the affected areas, the quality of the production is generally good. Due to current favourable weather conditions, we can still recover a few millimetres in fruit sizes. Thus, we can overall expect another good selling season after that of 2019/20 and 2020/21.

When summing up, however, there is a danger that the positive prospects for the new season will be wiped out by the increasing cost developments. As the price is increasing from external factors, they cannot be influenced by the producers and their organisations.

These aspects raise the question of **economic sustainability**, which, from an operational point of view, is the basis for the **production continuity of enterprises and farmers**. In this context, there are consequently (but not primarily) environmental and social implications as a result from an economically weak agriculture.

We need quick solutions, so any suggestion is helpful. The members of Assomela are united around certain considerations.

First and foremost, it should be underlined that not only fruit producers are affected by the post-covid impacts, but the entire supply chain. As for the **distribution** sector, which undoubtedly has its own challenges to deal with, and thus **cannot or should not, simply shift all the critical factors outlined onto the account of farmers**. Satisfied producers also mean **increased attention to quality, food safety, investments, both concerning employment and cultural history of the production area**. These are all goals of the European "Green Deal", yet they currently consist of visions that are still far away from reality – at least in the case of our orchards.

A balanced agricultural sector brings many benefits to the community and to individual consumers. **Ensuring an equal, fair distribution of value along the production chain** is thus in many aspects a common goal. The same applies to all players involved in the field.

Regarding the aforementioned "distortions", could not the referee, in this case the public administration, intervene by supporting new projects, putting the Recovery Fund money to a good use?

Factors that did not even exist yesterday are now to be considered in the market. Urgent action is needed to prevent critical situations, some of which are already apparent and will continue to be so in the future. Climate is certainly one of these major challenges: We need to respond to climate changes with more extreme weather events as well as the phytosanitary implications. One could also consider the new approach of the comprehensive farm-to-fork strategy: A new balance along the entire food chain could guarantee a fair price for producers, but also for consumers and the distribution in between. The producer organizations of Italian apples are ready.

Assomela s.c. è l'associazione dei Produttori di mele italiani che rappresenta il 75% della produzione melicola nazionale, a cui si associano le OP VOG (Marlene), VIP, VOG Products e il Consorzio FROM della Provincia di Bolzano, Melinda, "la Trentina" e Mezzacorona della Provincia di Trento, Nord Est della Regione Veneto, Melapiù della Regione Emilia Romagna, Rivoira e Lagnasco della Regione Piemonte, Friulfruct del Friuli Venezia Giulia e Melavi della Regione Lombardia.