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### **Fruit Industry sector hit by steep cost increases**

At its recent meeting, PROFEL fruit processors reported on the unprecedented production cost increases.

Like for the whole EU food industry, the fruit processing sector has been facing a sharp increase of **costs for containers, packaging materials and energy**. Businesses are alarmed as prices for plastics, metal cans, caps, glass, carton, and wood, as well as oil, gas and electricity have all seen two-digit rises. Companies described the situation as “catastrophic”.

The pandemic also resulted in a general increase of **costs for logistics**. Upheavals in global supply chains triggered by the pandemic resulted in increased transport cost whether by road or sea. As widely reported in the press, costs of maritime and road transport have exploded over the past 24 months. Disruptions in the freight sector, which pre-existed the Covid-19 pandemic, were exacerbated by the pandemic. As a result, lead times for delivery both of raw materials and finished products have gone up considerably. Companies report up to four weeks longer waiting times for deliveries of cardboard boxes needed to pack their cans and tins in.

The explosion of production costs was further aggravated by **raw material supply shortages**, which have become a recurring concern due to climatic havoc over recent years. **Raw material costs** are on the rise as well, since farmers also face increased cost of energy, fertilizers and the shortage of farm workers.

Today it is not clear which of these cost increases are structural. The sector’s companies have serious concerns that the situation could further deteriorate, and what the impact is on their long-term competitiveness.

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*PROFEL is the European Association of Fruit and Vegetable Processing Industries, representing over 500 companies in 12 European countries, producing canned vegetables, frozen vegetables, dehydrated vegetables, jams and fruit preserves, frozen fruit and canned fruit. The members of PROFEL employ more than 80.000 people. Members annually produce approximately: Frozen vegetables: 3.300.000 Tons; Canned vegetables: 2.100.000 Tons; Canned Deciduous fruits and compotes: 1.000.000 Tons; Fruit preserves and jams: 485.000 Tons; Dried vegetables: 50.000 Tons.*