



# Global Coalition of Fresh Produce

Producecoalition.net

THE GLOBAL COALITION OF FRESH PRODUCE WAS ESTABLISHED TO ADDRESS THE INCREASE IN COSTS WITHIN THE FRESH PRODUCE INDUSTRY AND ITS IMPACTS ON THE WHOLE VALUE CHAIN, INCLUDING THE END CONSUMER

The Global Coalition of Fresh Produce brings together fresh produce associations from around the world, based on their joint vision to create resilient global value chains for fruits and vegetables that bring a myriad of economic, environmental and societal benefits. The Coalition's mission is to voice solutions to address disruptions in global supply chains for fresh produce, including - but not limited to - rising costs, and share and promote best practices.

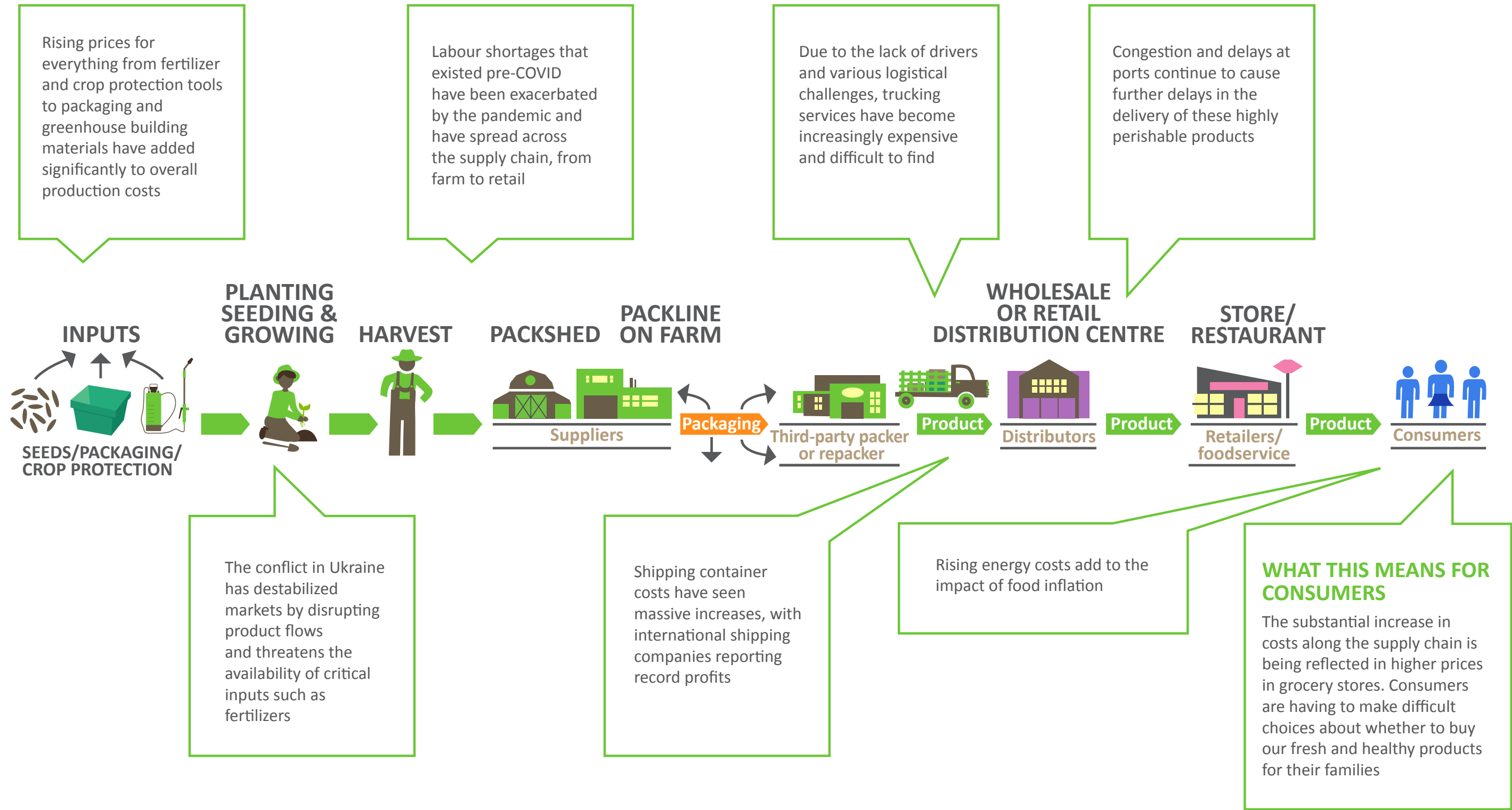
This global survey was developed to understand the impacts of rising production costs within our industry, as we continue to address the challenges of supply chain disruptions and food inflation.



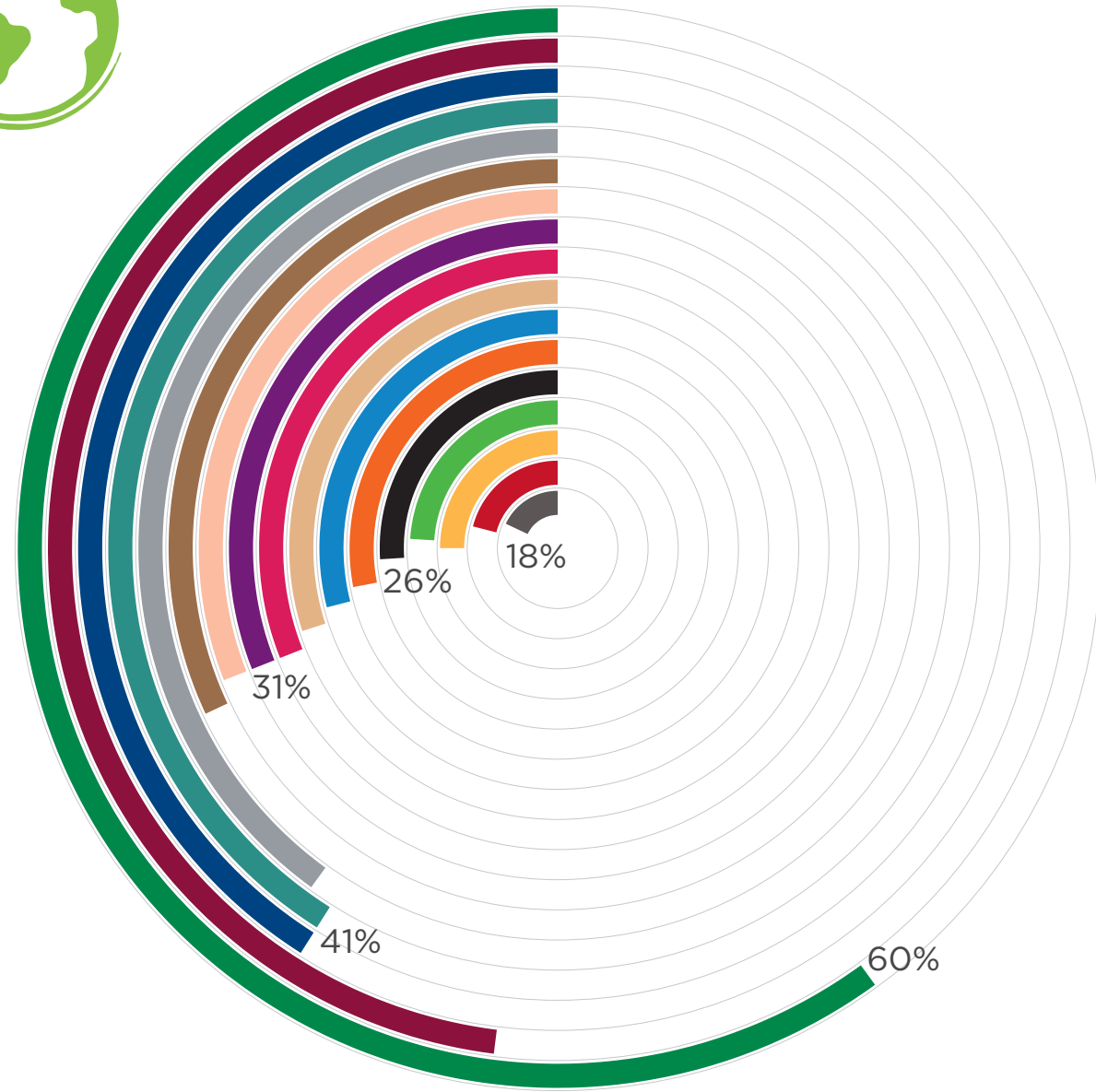
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*Together for resilient  
global value chains for  
fruits and vegetables  
that generate a  
multitude of economic,  
environmental and  
societal benefits*

# Supply Chain Strain...



# SURVEY INTO GLOBAL PRODUCTION AND OPERATING COSTS AND PRICES FOR FRUITS AND VEGETABLES



## Average rise in production and operating costs – globally

(North America, South America, Europe, Africa and Oceania)

The following narrative is based on a survey conducted during the first half of 2023 by the Global Coalition of Fresh Produce into the impacts of rising costs in global supply chains for fruits and vegetables over the past two years, and potentially into 2024. Respondents (165) included fruit and vegetable producers, shippers, packers, wholesalers, distributors and other supply chain partners in North and South America, Europe, Africa and Oceania.

**Suppliers of fresh fruits and vegetables experienced unprecedented increases in costs during and following the COVID-19 pandemic, regardless of their region of operation. The costs of fertilizers, construction materials, fuel, shipping services and electricity increased most.**

While most operators were able to increase their selling prices, these increases were not large enough to compensate for the rise in production and operating costs, leaving approximately 57 percent of the global industry selling at a loss or breaking even.

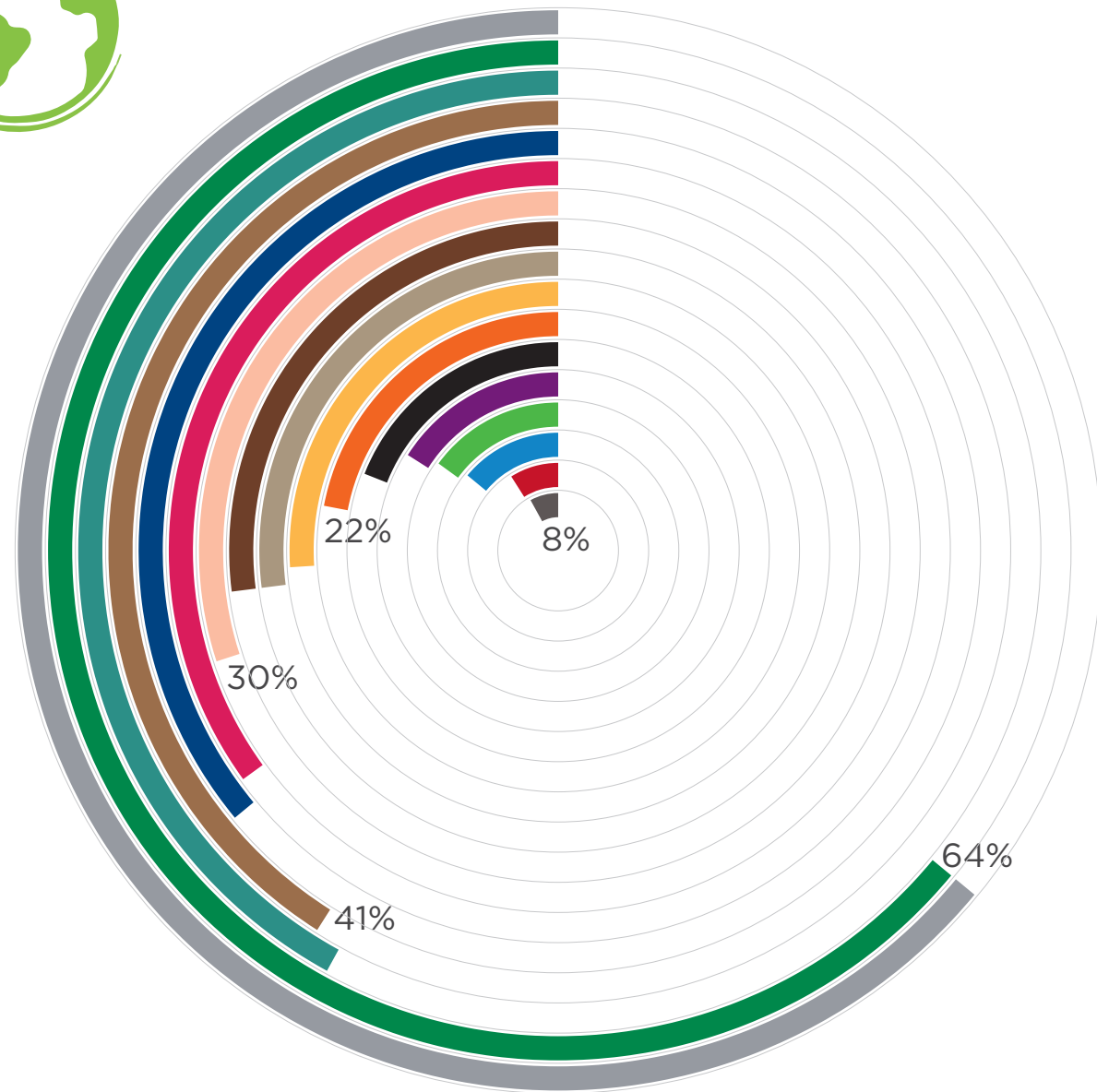
The impacts of the rise in costs will be felt for years to come. Indeed, 80 percent of respondents noted that they are delaying or cancelling investments in their businesses. For the most part, the produce industry has not received any governmental support during this time of hardship.

The industry is split as to whether production and operating costs will subside by the end of 2023.

- |  |   |                                     |
|--|---|-------------------------------------|
| ● <b>Utilities</b><br>18 percent               | ● <b>Water</b><br>29 percent                  | ● <b>Electricity</b><br>40 percent  |
| ● <b>Audits</b><br>21 percent                  | ● <b>Rents (land/buildings)</b><br>30 percent | ● <b>Fuel/gas</b><br>41 percent     |
| ● <b>Storage</b><br>25 percent                 | ● <b>Crop protection</b><br>31 percent        | ● <b>Shipping</b><br>41 percent     |
| ● <b>Plant material</b><br>24 percent          | ● <b>Packaging</b><br>31 percent              | ● <b>Construction</b><br>48 percent |
| ● <b>Machinery and equipment</b><br>26 percent | ● <b>Seeds</b><br>31 percent                  | ● <b>Fertilizer</b><br>60 percent   |
| ● <b>Labour</b><br>28 percent                  | ● <b>Pallets</b><br>32 percent                |                                     |



# SURVEY INTO GLOBAL PRODUCTION AND OPERATING COSTS AND PRICES FOR FRUITS AND VEGETABLES



## Average rise in production and operating costs - Europe

**Overall, operators in Europe signal a significant increase in production and operating costs, with peaks for fertilizers and electricity.** The majority of respondents indicate that their selling price has gone up over the past two years (by 11 percent on average); for those who saw their selling price decrease (mostly in Germany), the average fall was 19 percent. However, the large majority of European respondents indicate that their selling prices, even if risen, have not kept pace with rising operating costs. Operators have been unable command higher prices for various reasons, including oversupply, decreasing consumption and a lack of bargaining power. Fifty-six percent of respondents are mostly breaking even, 16 percent are largely selling at a loss, and 28 percent generally make a profit on their transactions. Nearly all respondents state that their sales margins have declined compared to 2019 (by 12 percent on average); only a handful of respondents indicate that their margins have increased (by 8 percent on average).

A significant majority of respondents state that rising production and operating costs have impacted their

investments, not only in capital and equipment but also in innovation and expansion. Operators are cautious to invest in their operations; some have even reduced their production capacity and output. In most cases, rising costs have affected strategic and operational choices: some producers have reduced their use of inputs (e.g. gas), while some traders have reduced their export activities or switched to produce with lower shipping costs.

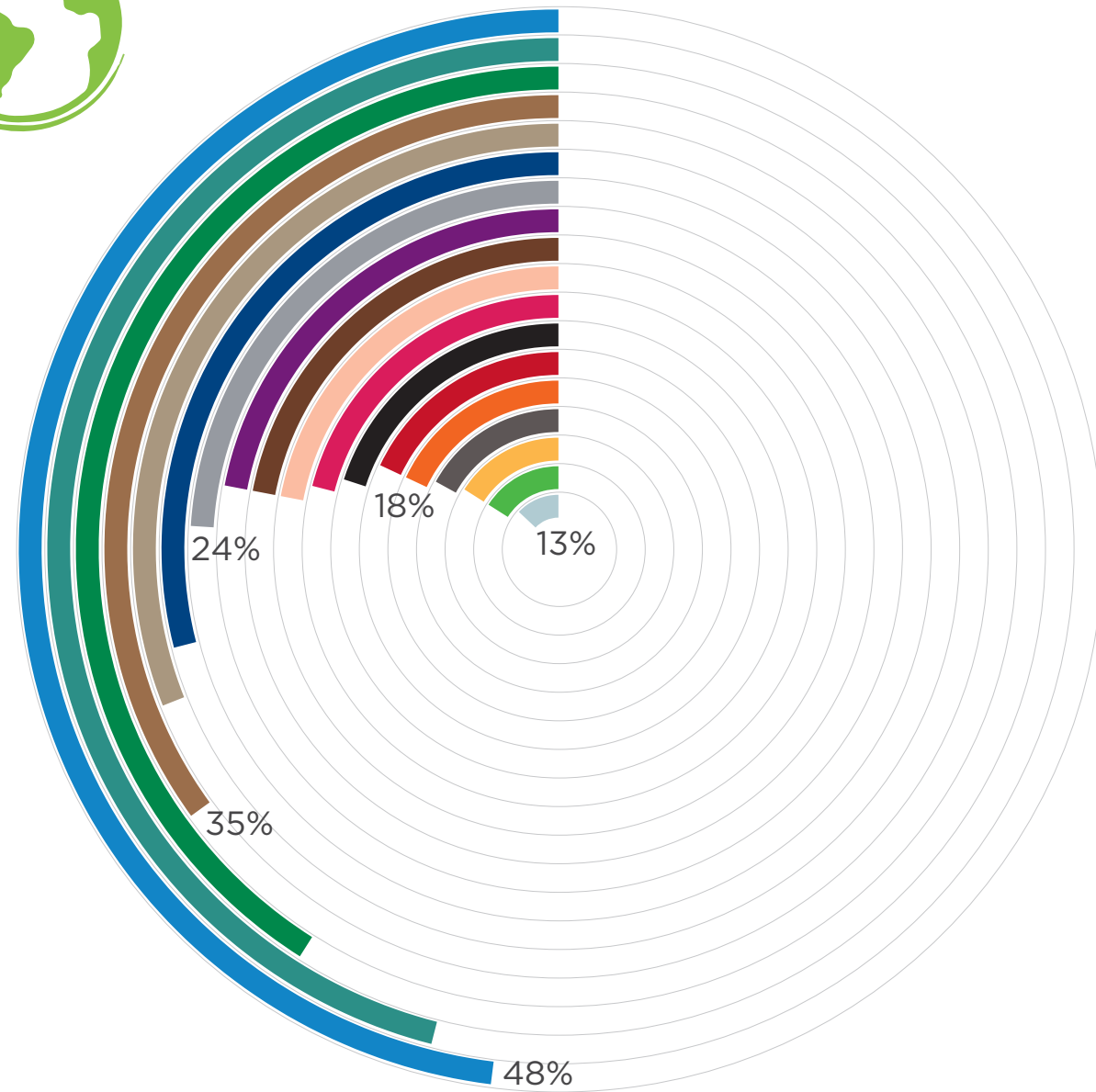
A very small minority of operators have received support from their governments to compensate for rising production and operating costs.

Around one third of respondents believe that the effects of rising costs will lessen by the end of 2023; two thirds of respondents, however, do not believe that the impacts will soften soon. While certain costs are going down (e.g. shipping and freight costs, packaging material), other costs are unlikely to decrease in the near future (e.g. labour costs, raw materials).

- **Utilities (telephone, internet)**  
8 percent
- **Rents (land/buildings)**  
16 percent
- **Building costs**  
27 percent
- **Fuel/gas**  
42 percent
- **Audits/accounting/management costs**  
9 percent
- **Machinery and equipment**  
19 percent
- **Seeds**  
30 percent
- **Fertilizers**  
64 percent (peak of 300 percent)
- **Water**  
14 percent
- **Labour**  
22 percent
- **Crop protection products**  
35 percent
- **Electricity**  
64 percent
- **Plant material**  
15 percent
- **Storage**  
26 percent
- **Shipping**  
36 percent
- **Pallets**  
41 percent
- **Cardboard**  
27 percent



# SURVEY INTO GLOBAL PRODUCTION AND OPERATING COSTS AND PRICES FOR FRUITS AND VEGETABLES



## Average rise in production and operating costs - Canada

**Overall, operators signal a significant increase in production and operating costs, with peaks for water, fuel/gas and fertilizers.** All respondents state that their selling price has gone up over the past two years (by 14 percent on average). However, for the large majority of respondents, the rise in selling prices has not kept pace with the rise in production and operating costs; only one fifth of respondents have been able to raise their selling price in line with rising costs. Operators have been unable to command higher prices for various reasons. The most cited reason is their lack of bargaining power vis-à-vis retailers, who reject price increases and in some cases even cancel purchasing orders if another supplier offers lower prices. Other growers state that they face stiff competition from cheaper imported produce grown under different policy and tax frameworks.

Slightly more operators are making a profit than breaking even. As many respondents have seen their sales margin increase (by an average 7 percent) as decrease (by an average 4 percent) compared to 2019.

A significant majority of respondents state that rising production and operating costs have impacted their investments, not only in capital and equipment but also in innovation and expansion. Operators are very cautious to

invest and generally consider investing risky, citing high interest rates and inflation. One respondent states that the costs of investments may rise even after purchasing; another indicates that it is not clear whether they will continue operating. One fruit producer asks who has any money for construction.

In most cases, rising costs have also affected strategic and operational choices, with operators looking for efficiencies and ways to save. One trader states that they are favouring one country as a source of imports, not because of better quality but because of lower shipping costs.

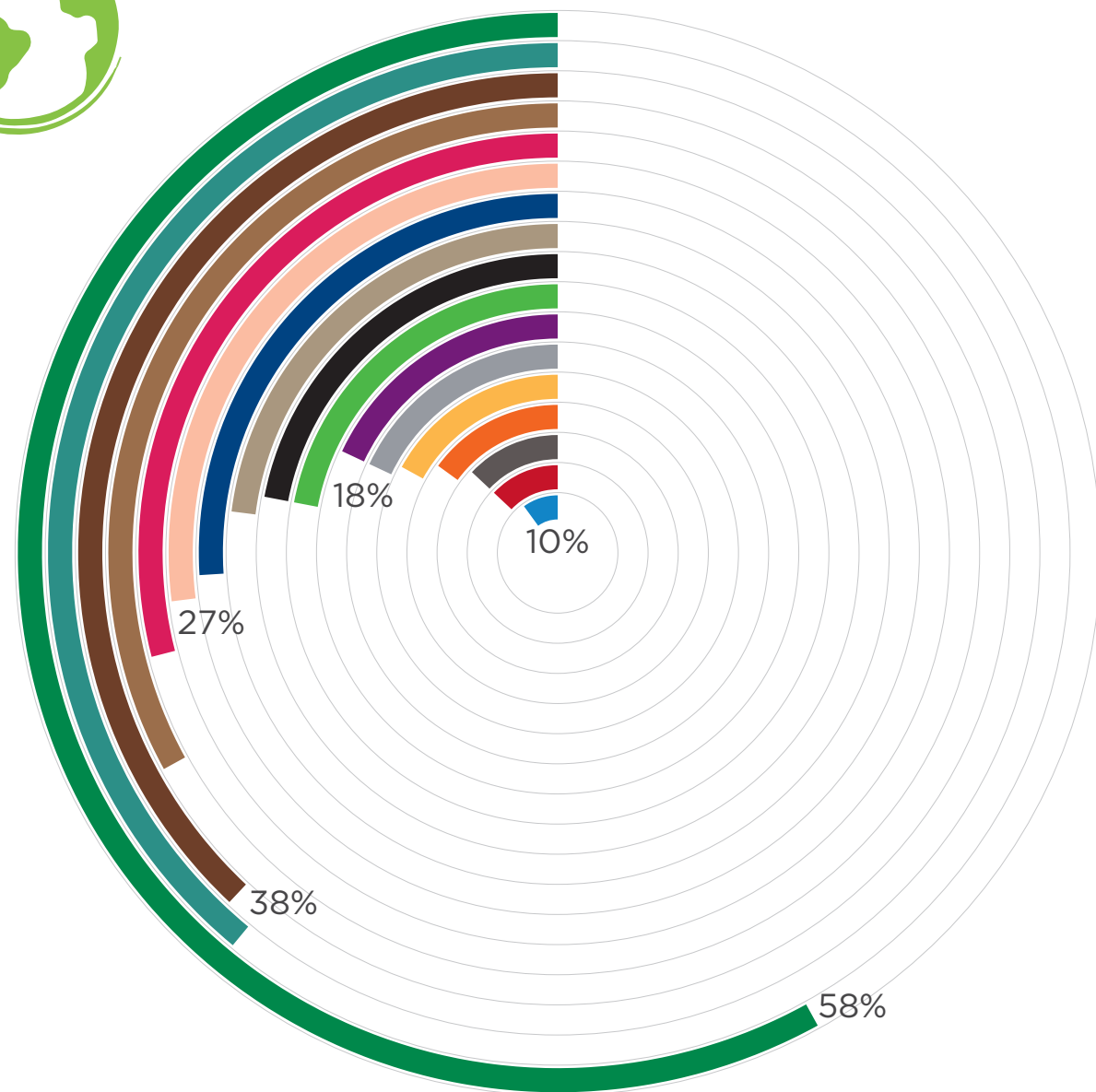
None of the respondents have received support from the Canadian Government to compensate for rising production and operating costs.

Around two fifths of respondents believe that the effects of rising costs will lessen by the end of 2023; three fifths of respondents, however, do not believe that the impacts will soften soon. While some operators indicate that certain costs are going down (e.g. the costs of fuel and fertilizers), others argue that costs are not decreasing (and especially labour costs and carbon taxes).

- **Packaging**  
13 percent
- **Plant material**  
16 percent
- **Storage**  
16 percent
- **Utilities (telephone, internet)**  
17 percent
- **Labour**  
18 percent
- **Audits/accounting/management costs**  
18 percent
- **Machinery and equipment**  
20 percent
- **Crop protection products**  
21 percent
- **Seeds**  
22 percent
- **Building costs**  
22 percent
- **Rents (land/buildings)**  
22 percent
- **Electricity**  
24 percent
- **Shipping**  
29 percent
- **Cardboard**  
31 percent
- **Pallets**  
35 percent
- **Fertilizers**  
41 percent
- **Fuel/gas**  
46 percent
- **Water**  
48 percent



# SURVEY INTO GLOBAL PRODUCTION AND OPERATING COSTS AND PRICES FOR FRUITS AND VEGETABLES



## Average rise in production and operating costs - United States of America

**Respondents unanimously agree that there has been a significant increase in production and operating costs over the past two years (by 24 percent on average, across all cost categories).** Rising labour costs are cited as one of the most pressing challenges. Nearly all respondents state that their selling price has gone up over the past two years (by 19 percent on average). However, for the majority of respondents (60 percent), the rise in selling prices has not kept pace with the rise in production and operating costs; only one fifth of respondents have been able to raise their selling price in line with rising costs. Operators have been unable to command higher prices for various reasons. The most prominent reason is competitive pressure from imported produce, which is not subject to the same food safety scrutiny as domestic produce and does not face the same cost pressure (inflation). This is coupled with operators' lack of bargaining power vis-à-vis retailers who refuse to increase prices in line with rising costs. Another reason cited is dampening consumer demand for fruits and vegetables. Fourteen percent of operators indicate that most sales are made at a loss; half are mostly breaking even and 36 percent are mostly sell at a profit. Two thirds of all respondents state that their sales margin has gone up in comparison to 2019 (by 14 percent on average); one third indicate that their sales margin has gone down (by 9 percent on average).

Three quarters of respondents state that rising production and operating costs have impacted their investments, of all types: mostly capital investments and investments in equipment, but also in innovation and expansion. Operators are reluctant to invest considering the current business environment; one vegetable producer indicates that the rise in costs has led to a dramatic reduction in capacity and output, and may lead to the closure of one or more production facilities. Eighty-three percent of respondents indicate that rising costs have impacted strategic and operational choices, while only 17 percent state that these have not been affected. The impact is felt as a reduction in business choices, the need to develop new business approaches, and pressure to reduce output and capacity and limit exports.

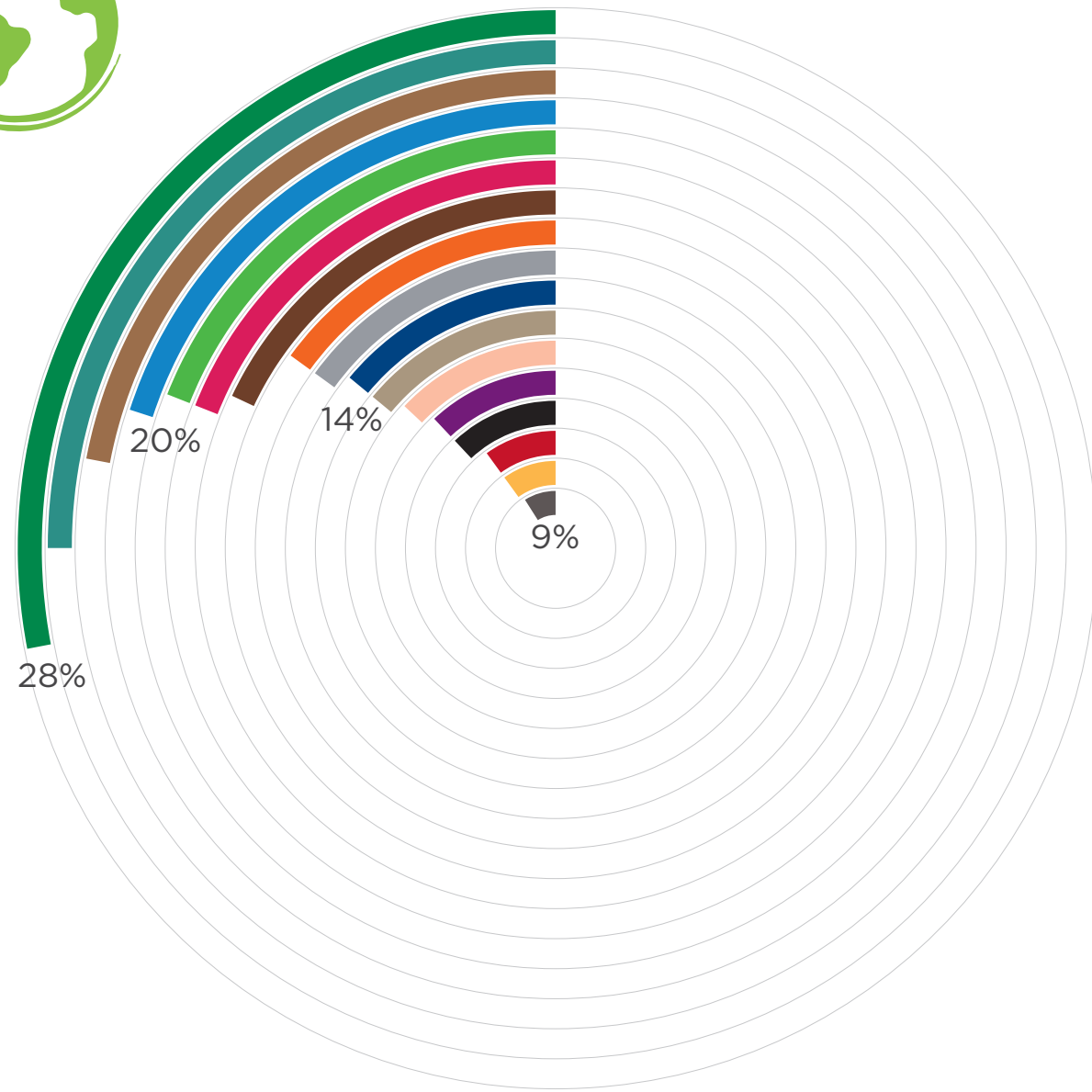
Eighty-five percent of all respondents indicate that they have not received any support from the US Government. The two respondents who have received public support (one fruit producer, one vegetable producer) indicate that they are mostly breaking even.

Half of all operators believe that production and operating costs will go down by the end of 2023, mostly for packaging (fibre board) and ocean freight. The other half believes that costs will continue to rise (by up to 10 percent overall), and especially the costs of labour, utilities and raw materials.

- **Water**  
10 percent
- **Audits/ accounting/ management costs**  
13 percent
- **Utilities (telephone, internet)**  
13 percent
- **Labour**  
15 percent
- **Storage**  
17 percent
- **Electricity**  
18 percent
- **Rents (land/ buildings)**  
18 percent
- **Plant material**  
22 percent
- **Machinery and equipment**  
22 percent
- **Cardboard**  
23 percent
- **Shipping**  
26 percent
- **Seeds**  
27 percent
- **Crop protection products**  
29 percent
- **Pallets**  
33 percent
- **Building costs**  
38 percent
- **Fuel/gas**  
39 percent
- **Fertilizers**  
58 percent



# SURVEY INTO GLOBAL PRODUCTION AND OPERATING COSTS AND PRICES FOR FRUITS AND VEGETABLES



## Average rise in production and operating costs – Mexico

### Respondents unanimously agree that all production and operating costs have gone up (by 16 percent on average).

A large majority of respondents indicate that their average selling price has gone up over the past two years (by 7.6 percent on average); however, for half of all respondents, this rise has not been sufficient to compensate for rising production and operating costs. Among the reasons cited is pressure from the market.

A large majority of operators are selling at break-even point or at a loss; the only respondent who mostly operates with a profit is a shipping company. Half of the respondents have seen their sales margin fall in comparison to 2019 (by 10 percent on average), while the other half has seen their sales margin increase (by an average 8 percent).

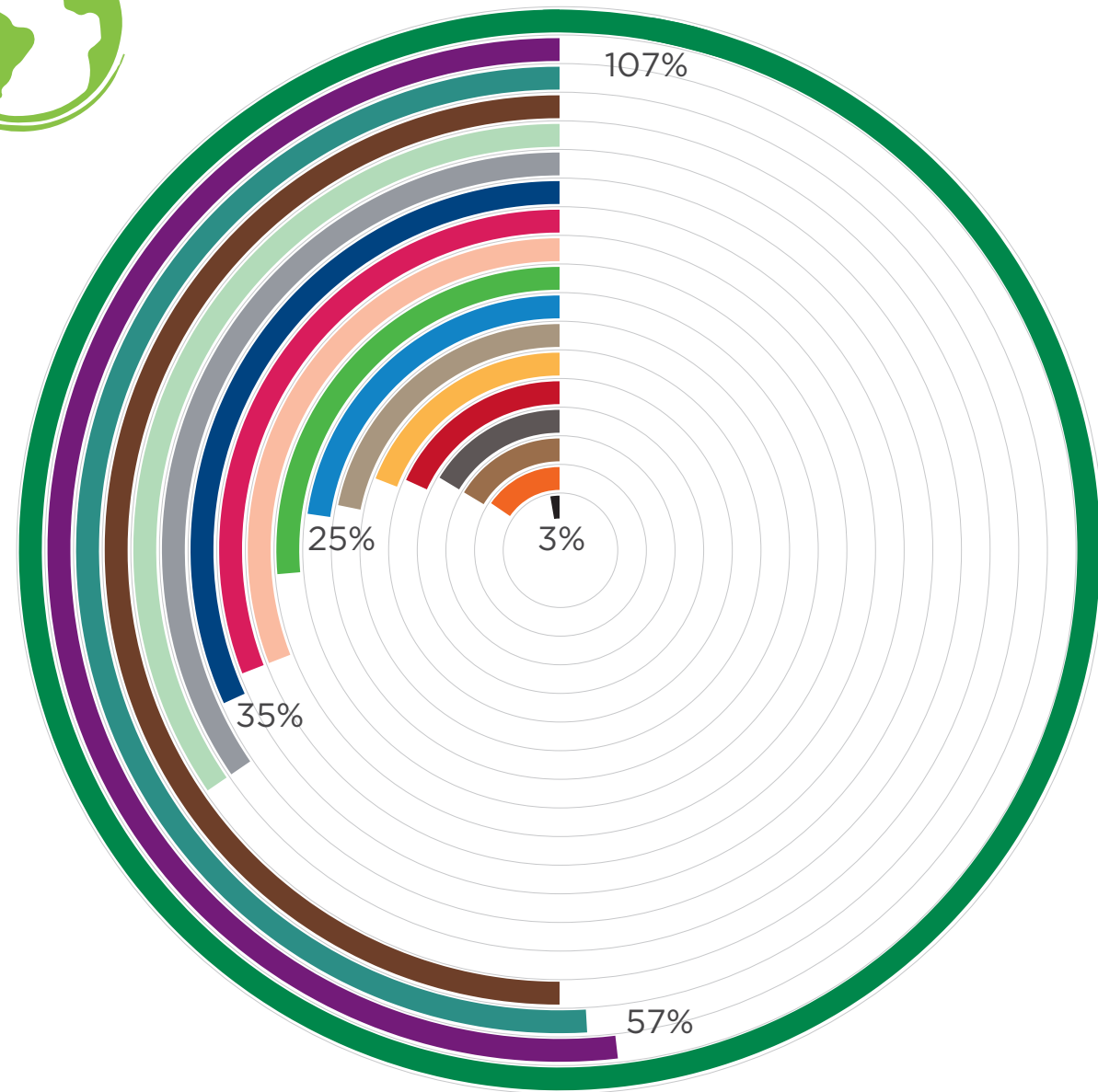
Respondents unanimously agree that rising production and operating costs have impacted their investments, of all types: mostly capital investments, but also investments in equipment, innovation and expansion. The impact is felt as a reduction in business choices, pressure to dramatically reduce output and capacity and the need to find ways to reduce shipping costs (e.g. by consolidating shipments or sharing space with other companies).

None of the respondents have received support from the Mexican Government to compensate for rising production and operating costs.

Sixty percent of operators believe that production and operating costs will go down by the end of 2023, mostly for packaging (fibre board) and ocean freight. The other respondents believe that costs will continue to rise, and especially the costs of labour, utilities and raw materials.

- **Utilities (telephone, internet)** 9 percent
- **Storage** 10 percent
- **Audits/accounting/management costs** 10 percent
- **Machinery and equipment** 12 percent
- **Rents (land/buildings)** 12 percent
- **Seeds** 13 percent
- **Cardboard** 14 percent
- **Shipping** 14 percent
- **Electricity** 15 percent
- **Labour** 15 percent
- **Building costs** 18 percent
- **Crop protection products** 19 percent
- **Plant material** 19 percent
- **Water** 20 percent
- **Pallets** 22 percent
- **Fuel/gas** 25 percent
- **Fertilizers** 28 percent

# SURVEY INTO GLOBAL PRODUCTION AND OPERATING COSTS AND PRICES FOR FRUITS AND VEGETABLES



## Average rise in production and operating costs - Australia

**Respondents unanimously agree that nearly all production and operating costs have gone up, by 37 percent on average (with a noticeable peak for fertilizers).** Over 70 percent of respondents indicate that their average selling price has gone up over the past two years (by 12 percent on average); about one third of respondents state that their average selling price has gone up (by 25 percent on average). However, all respondents agree that any rises in selling prices have not been sufficient to compensate for rising production and operating costs. Operators have been unable to command higher prices for various reasons. The most cited reason is a lack of bargaining power vis-à-vis retailers, who are unwilling to pay more and instead expect growers to increase the efficiency of their operations. Variable - and sometimes extreme - weather conditions across the country have resulted in dramatic fluctuations in prices and product availability over the past 12 months.

Fourteen percent of operators indicate that most sales are made at a loss; 43 percent are mostly breaking even and 43 percent are mostly selling at a profit. Half of all

respondents state that their sales margin has gone up in comparison to 2019 (by 10 percent on average); the other half indicate that their sales margin has gone down (by 14 percent on average).

A large majority of respondents (83 percent) agree that rising production and operating costs have impacted their investments, of all types: mostly capital investments, but also investments in equipment, innovation and expansion. Operators have been forced to adopt more efficient production methods, find cheaper suppliers or find ways to reduce shipping costs (e.g. by rearranging pallets).

None of the respondents have received support from the Australian Government to compensate for rising production and operating costs.

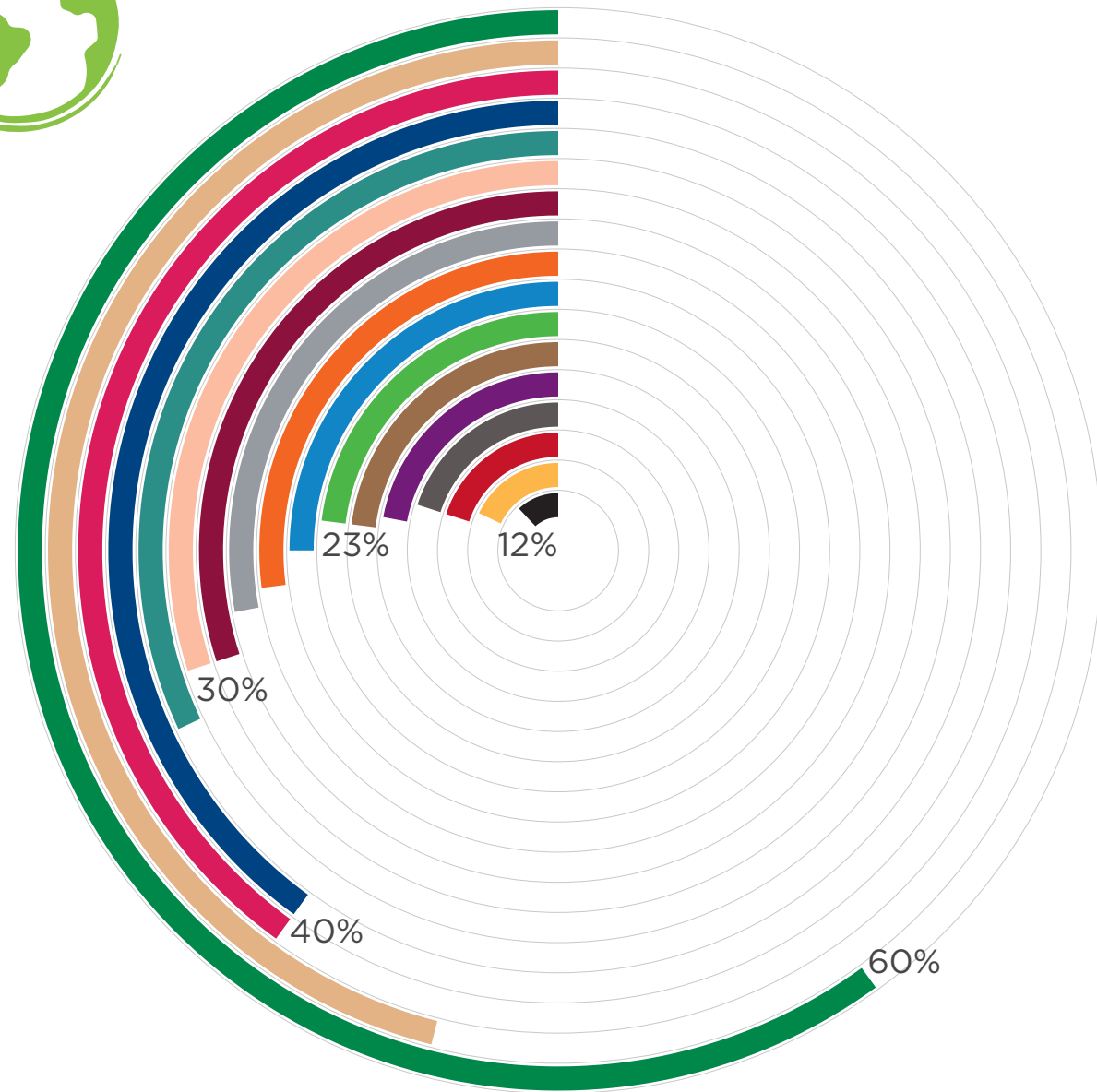
Nearly all respondents (87 percent) do not expect production and operating costs to go down before the end of 2023, largely due to inflation. However, respondents do indicate that certain costs (of sea- and airfreight, and fertilizers) are slowly coming down from record highs due to the COVID-19 crisis.

- **Machinery and equipment**  
3 percent
- **Labour**  
17 percent
- **Pallets**  
18 percent
- **Utilities (telephone, internet)**  
18 percent
- **Audits/accounting/management costs**  
20 percent
- **Storage**  
21 percent
- **Cardboard**  
24 percent
- **Water**  
25 percent
- **Plant material**  
29 percent
- **Seeds**  
34 percent
- **Crop protection products**  
34 percent
- **Shipping**  
35 percent
- **Electricity**  
38 percent
- **Other (e.g. insurance, small items)**  
38 percent
- **Building costs**  
55 percent
- **Fuel/gas**  
56 percent
- **Packaging**  
57 percent
- **Fertilizers**  
107 percent





# SURVEY INTO GLOBAL PRODUCTION AND OPERATING COSTS AND PRICES FOR FRUITS AND VEGETABLES



## Average rise in production and operating costs – New Zealand

**Respondents unanimously agree that all production and operating costs have gone up, with a peak for fertilizers.** Fifty percent of respondents in New Zealand indicate that they are mostly breaking even, with 25 percent selling at a loss. This is largely due to operators' inability pass on the full impact of cost rises to their buyers. Respondents reported that their selling price increased by 13 percent on average over the past two years; however, this increase has been insufficient to compensate for rising production and operating costs. Operators have been unable to command higher prices due to lack of bargaining power. Respondents report that their profit margin is down by 1 percent on average; two thirds of respondents are selling at a loss.

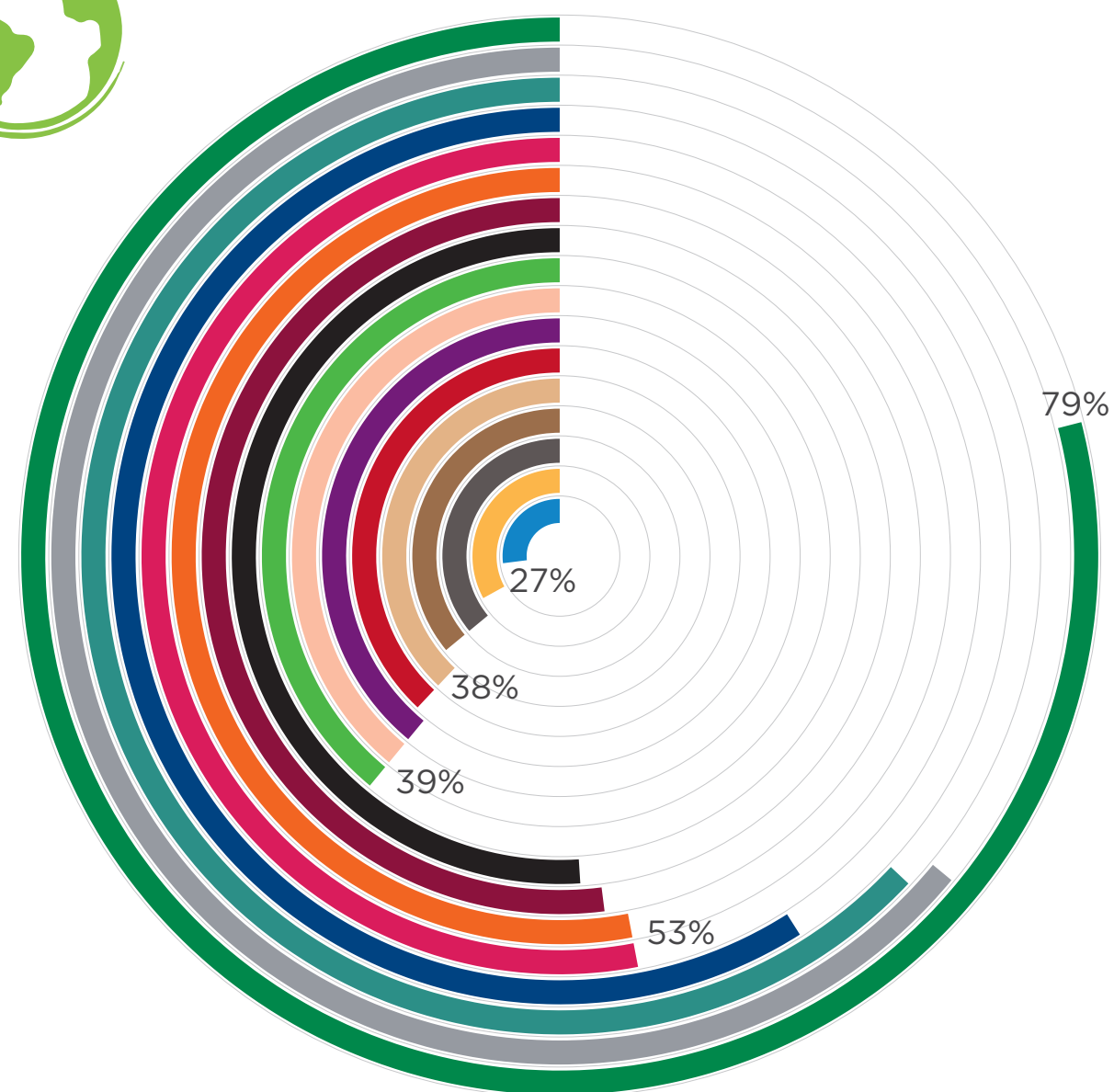
Rising production and operating costs have impacted investments, mostly in equipment but also capital investments and investments towards innovation and expansion.

Seventy-five percent of respondents in New Zealand do not expect production and operating costs to go down before the end of 2023, due to inflation. However, respondents do indicate that certain costs (of sea- and airfreight, and fertilizers) are slowly coming down from record highs due to the COVID-19 crisis.

- **Machinery and equipment**  
12 percent
- **Plant material**  
23 percent
- **Fuel/gas**  
32 percent
- **Storage**  
18 percent
- **Water**  
25 percent
- **Shipping**  
40 percent
- **Audits**  
20 percent
- **Labour**  
27 percent
- **Crop protection**  
40 percent
- **Utilities**  
20 percent
- **Electricity**  
28 percent
- **Land/buildings**  
46 percent
- **Packaging**  
22 percent
- **Construction**  
30 percent
- **Seeds**  
30 percent
- **Pallets**  
23 percent
- **Fertilizer**  
60 percent



# SURVEY INTO GLOBAL PRODUCTION AND OPERATING COSTS AND PRICES FOR FRUITS AND VEGETABLES



## Average rise in production and operating costs – Africa

(Ghana, Kenya, Nigeria, South Africa, Tanzania, Togo, Uganda, Zimbabwe)

**Respondents unanimously agree that production and operating costs have risen significantly, with the highest cost rises for fertilizers, followed by electricity and fuel/gas.** A modest majority of respondents indicate that their selling price has increased over the past two years (by 27 percent on average); those who report a decrease in selling prices indicate an average decline of 22 percent. However, almost two-thirds of African respondents indicate that their selling prices have not kept pace with rising operating costs. Producers are unable command higher prices due to a lack of bargaining power. Three quarters of operators are either selling at a loss or breaking even. While producers in Nigeria, Kenya and Tanzania have seen their profit margins increase by an average of 11 percent, producers in Ghana, South Africa, Togo, Uganda and Zimbabwe report an average decrease in profit margins of 11 percent.

The rise in production and operating costs has caused most respondents to postpone investments in equipment and expansion, and delay operational investments. Twenty-five percent of respondents indicate a reduction in investments towards innovation.

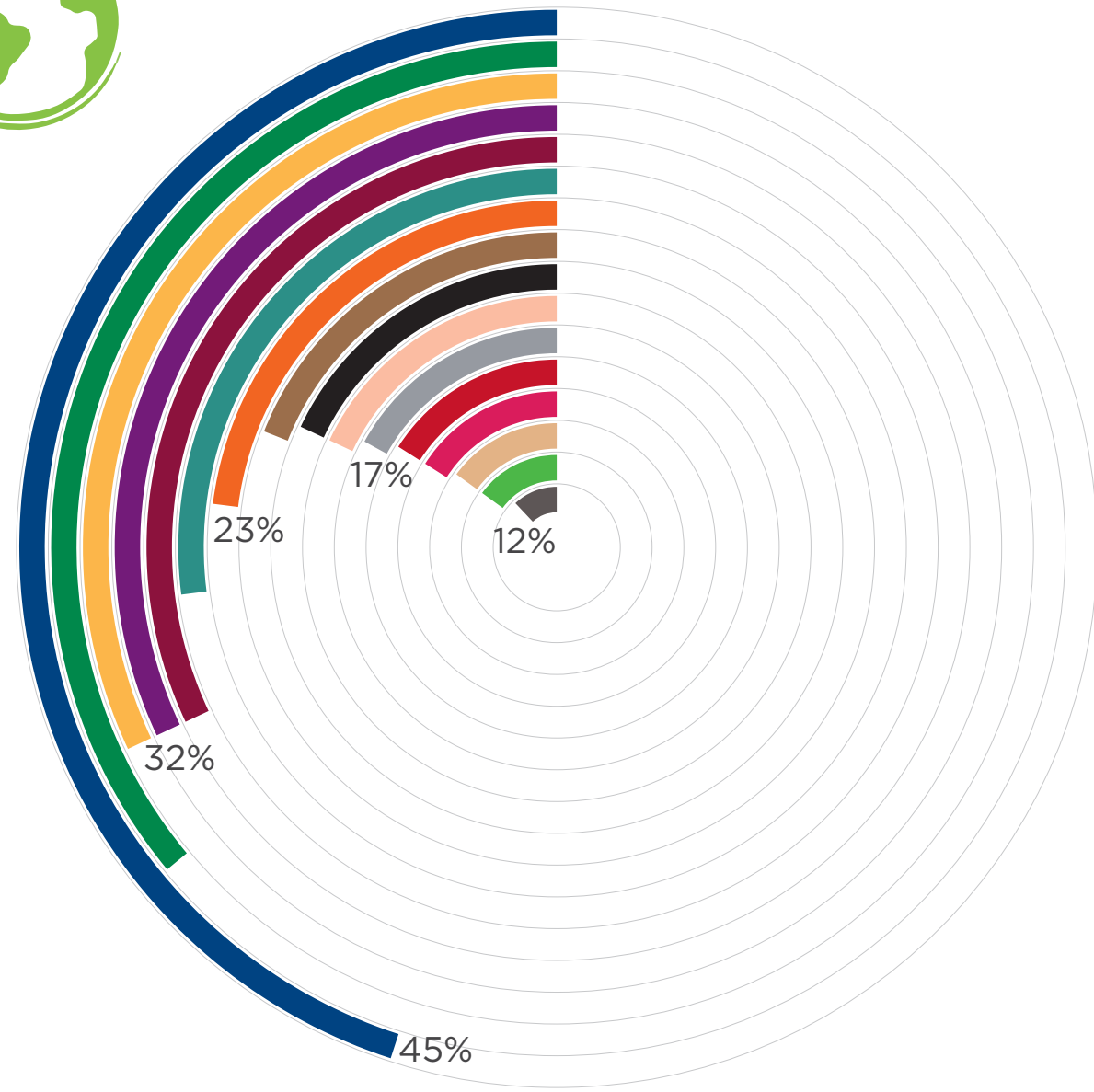
There has been no government support for fruit and vegetable operators in the region.

A large majority of respondents do not believe that the effects of rising costs will lessen by the end of 2023. Some operators note that costs are beginning to decline slightly; however, most are pessimistic in view of inflationary trends and the war in Ukraine.

- **Water**  
27 percent
- **Storage**  
33 percent
- **Utilities**  
36 percent
- **Pallets**  
36 percent
- **Rents (land/buildings)**  
38 percent
- **Audits**  
38 percent
- **Packaging**  
39 percent
- **Seeds**  
39 percent
- **Plant material**  
39 percent
- **Machinery and equipment**  
51 percent
- **Construction**  
52 percent
- **Labour**  
53 percent
- **Crop protection**  
53 percent
- **Shipping**  
59 percent
- **Fuel/gas**  
63 percent
- **Electricity**  
64 percent
- **Fertilizer**  
79 percent



# SURVEY INTO GLOBAL PRODUCTION AND OPERATING COSTS AND PRICES FOR FRUITS AND VEGETABLES



## Average rise in production and operating costs - South America

(Brazil, Chile, Colombia, Peru)

**Respondents agree that production and operating costs have increased considerably over the past two years, with the largest cost increases affecting shipping services and fertilizers).** Eighty-five percent of respondents in South America indicate that their selling prices have gone up, by 13 percent on average. However, 70 percent of respondents report that the rise in selling prices has not kept pace with the rise in production and operating costs. This is largely due to suppliers' lack of bargaining power vis-à-vis retailers. Forty-four percent of South American operators are selling at a loss or breaking even.

Seventy percent of operators in the region report that rising production and operating costs have impacted their ability to invest in their businesses.

Over 40 percent of respondents report reduced investments in equipment and expansion, and about 30 percent in capital and innovation. Three quarters of all respondents are changing their business strategies due to higher costs; they are looking for efficiencies and re-examining markets and suppliers.

Only one of the respondents in the region (in Colombia) received support from their government to deal with the rise in production and operating costs.

Eighty percent of South American operators believe that the effects of rising costs will lessen by eighty percent of South American operators believe that the effects of rising costs will lessen by the end of 2023, mostly due to lower shipping costs.

- Utilities 12 percent
- Plant material 15 percent
- Land/buildings 15 percent
- Crop protection 16 percent
- Audits 16 percent
- Electricity 17 percent
- Seeds 18 percent
- Machinery and equipment 18 percent
- Pallets 19 percent
- Labour 23 percent
- Fuel/gas 27 percent
- Construction 32 percent
- Packaging 32 percent
- Storage 32 percent
- Fertilizer 36 percent
- Shipping 45 percent

*On average, producers are reporting a 3 percent profit margin, with Chile reporting a -10 percent profit margin and Peru a -3 percent profit margin.*





# Who we are...

The Global Coalition of Fresh Produce brings together fresh produce associations from around the world, based on their joint vision to create resilient global value chains for fruits and vegetables that bring a myriad of economic, environmental and societal benefits. The Coalition's mission is to voice solutions to address disruptions in global supply chains for fresh produce, including - but not limited to - rising costs, and share and promote best practices.

For more information, see [www.producecoalition.net](http://www.producecoalition.net) or contact us at [info@producecoalition.net](mailto:info@producecoalition.net)

