

Voluntary Report – Voluntary - Public Distribution

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Report Name: Portuguese Fruit Sector Aims to Increase Investments
Efficiency and Exports

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Post: Madrid

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Fruit, Strawberries

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Report Highlights:

Over the past five years, Portuguese fruit production has improved its efficiency and evolved into a dynamic and advanced agricultural sector. Portugal's annual fruit production is currently estimated at 1.1 million tons -- mainly oranges, apples, and Rocha pears (but its market is still not self-sufficient for certain fruits). Since 2018, Portugal is attracting foreign investors in agriculture, particularly in the Alqueva region. Due to growth in demand, both domestically, and abroad, there is room for further development of the Portuguese fruit sector.

Production

The Portuguese fruit sector is organized under producer organizations and associations which reinforce and increase the sector's competitiveness. In 2020, the sector developed the [Portuguese Fruit sector strategy](#). The strategy outlines the main challenges for the sector in the coming years: climate change (particularly its implications for water availability) and the increasing limitations on the use of plant protection products (agrochemicals). Additionally, the strategy notes the Portuguese fruit sector must increase its competitiveness through efficiency and the optimization of production costs, especially regarding energy and connectivity, as well as environmental, economic, and social sustainability, seasonal labor issues, export markets, and increasing domestic fruit (and vegetable) consumption. To achieve these goals, the sector analyzed three major strategic objectives:

- to balance the Portuguese fruit trade;
- to create value-added products; and
- to increase the sustainability of Portuguese fruit production.

In addition, the sector must facilitate connections between Portuguese University horticultural research centers and the Ministry of Agriculture, horticultural growers, and exporters. These centers design projects predominantly focused on innovation, sustainable production, and promotion of Protected Designation of Origin (PDO) and Geographical Indications (GI).

According to Portuguese official data, 74 million hectares (ha) of fresh fruit were grown in 2019 yielding 1.1 million tons. Portugal's fruit growers mainly produced apples (355,000 tons) and Rocha pears (150,000 tons) in the center of the country, citrus (400,000 tons) in Algarve in Southern Portugal, as well as stone fruit (84,000 tons) and red fruit (50,000 tons). Most of Portugal's fruits are produced under 17 PDOs and GIs.

Over the last five years, Portuguese horticulture has improved its production efficiency -- using less planted area through controlled irrigation and reducing its reliance on pesticides. Since 1990, Portuguese per-hectare fruit production has doubled for most crops. This evolution is the result of advanced agronomic techniques such as the modernization of Portuguese orchards and the improvement of agricultural practices (e.g., watering, fertilization, and the control of pests and diseases). In addition, Portuguese consumer interest in quality, safety, and environmental sustainability has led to the adoption of integrated production methods and increased organic production. According to industry sources, apples, pears, and berries have been the most valuable fruits to produce. Despite this, production of several types of fruit remains insufficient to meet demand.¹

Portugal is Attracting Agricultural Investors from Abroad

The Alqueva reservoir is the largest artificial lake in Europe, 83 km in length and occupying an area of 250 km². The reservoir's total storage capacity is 4.150 billion m³ -- 3.150 billion m³ of which is its usable volume under normal operation. The Alqueva region is developed by [EDIA](#), a public company (using public share capital) belonging to the state corporate sector. Its mission is to design, execute, build, and operate the Alqueva Multipurpose Project (EFMA), thereby contributing to the economic and

¹ For example, bananas, citrus, pineapples, melons, peaches, apples, table grapes, and exotic fruits.

social development of its area: 20 municipalities in the districts of Beja, Évora, Portalegre, and Setubal (see Map 1).

Today, EDIA is recognized in Portugal as a company that ensures the profitability of Portugal’s agricultural production in order to promote the region as an area of reference for new investments. It also establishes bridges between investors and local entrepreneurs with a view towards partnerships in different business areas.

Map 1. Alqueva Dam



Source: [Google Maps](#)

Since 2018, Alqueva has attracted foreign investors in agriculture, as land is less expensive, water is available, and the climate is similar to the Pacific Coast of the United States (which is boosting income and employment in Portugal). European fruit producers, Spanish olive oil manufacturers, as well as foreign tree nut and berry companies, are investing in these irrigated lands, whose prices have skyrocketed by 50 percent in the last five years. Fruit trees planted in this area have also significantly expanded (to more than 1,000 hectares).

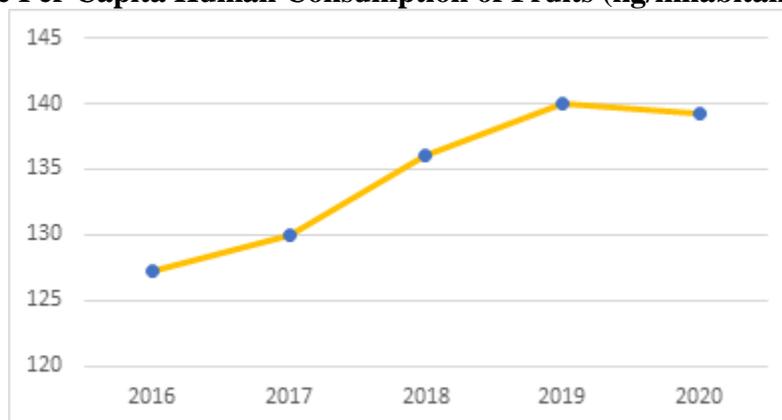
According to 2020 EDIA data, olive trees are the leading type of tree planted area in Alqueva, with 66,000 ha planted through Portuguese and Spanish investments. Almonds are the second largest tree crop in Alqueva (with 11,000 ha planted), benefitting from Spanish, Portuguese, and U.S. investments. Apples, pears, peaches, table grapes, and red fruits are presenting additional prospects for the region due to growing domestic and foreign demand.

Consumption

According to Portuguese [official statistics](#) (INE), over the last five years, total fruit consumption in Portugal is trending upwards (see Chart 1). This growth was a result of increasing consumer interest in eating healthy, coupled with strong demand from the hospitality sector (given the rise in tourism prior to the coronavirus pandemic). However, in 2020, total fruit consumption in Portugal declined slightly due

to the closure of Hotels, Restaurants, and Institutions (HRI) and reduced tourism. However, Portuguese household fruit demand increased by nearly 30 percent, as consumers increasingly ate at home due to social distancing requirements (looking for healthy foods to strengthen their immune system).

Chart 1. Portuguese Per Capita Human Consumption of Fruits (kg/inhabitant)



Source: INE

Portugal’s total fruit self-sufficiency rate was 107.6 percent in 2020, mainly due to a 201 percent self-sufficiency rate for Rocha pears. However, Portugal needs to import certain types of fruit to meet its domestic demand, namely bananas, stone fruit, mandarins, lemons, grapefruit, table grapes, and tropical fruits (see Table 1).

Table 1. Self-sufficiency Rate for Certain Fruits (as a Percentage) by Type, in 2020

Fruit Type	Self-sufficiency rate for Fruits (%), by Type
Total of the main species of traded fruits	107.6
Apple	120.3
Pear	201.3
Peach	46.2
Table grape	38.6
Orange	100.7

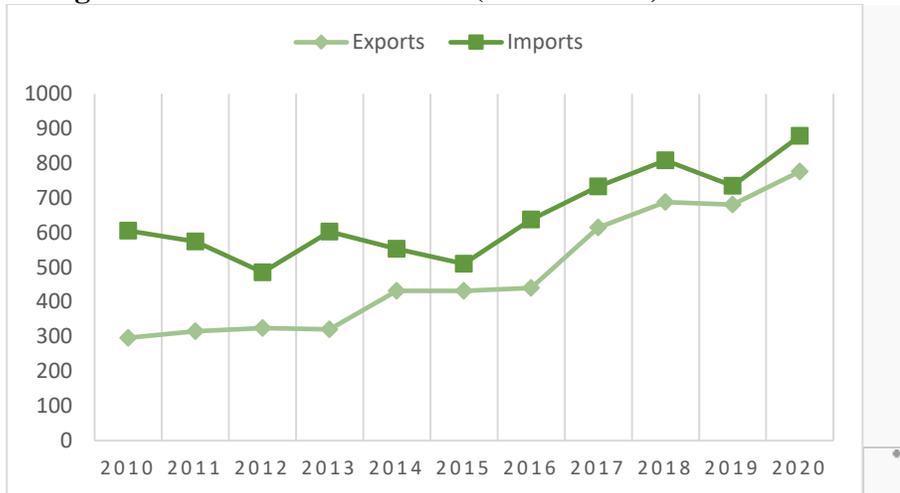
Source: INE

Trade

According to Trade Data Monitor (TDM), over the last decade, Portuguese fruit exports increased 162 percent, by value (totaling \$800 million and 526,546 tons in 2020), in line with the Portuguese goal to increase its fruit production and exports. Ninety percent of Portuguese fruit exports were destined for the EU-27 and United Kingdom markets. Spain was the leading EU destination, while Brazil, Cape Verde, Libya, and Canada were the leading non-EU markets. While relatively small, Portugal’s fruit exports to the United States reached record levels in 2020 (valued at \$173,000) -- mainly melons and apples. By value, the top Portuguese fresh fruits produced for export were red fruits, oranges, pears, and apples. In addition, Portugal is working to open new markets in Asia, mainly

China and Macao, especially for Rocha pears, oranges, and table grapes (for more information see [GAIN report](#)).

Chart 2. Total Portuguese Fruit Trade 2010-2020 (million USD)



Source: TDM

Despite the growth in exports, Portugal is not self-sufficient in several types of fruit. Over the past ten years, Portugal’s fresh fruit imports have grown 45 percent (imports totaled 901,000 tons valued at almost \$880 million in 2020) (see Chart 2). Roughly 60 percent of Portuguese fruit imports originated from EU-27 Member States and the United Kingdom -- mainly from Spain. The remaining 40 percent of imports originated from non-EU markets, primarily South Africa, Costa Rica, Brazil, Colombia, Chile, and Ecuador. Portugal’s leading fruit imports were bananas, citrus, pineapples, melons, peaches, apples, table grapes, and exotic fruits. However, over the next 10 years, Portugal’s goal is to become increasingly self-sufficient and to increase its exports because of production improvements.

According to TDM, direct Portuguese fruit imports from the United States are negligible. Despite this, many Portuguese are well traveled or have strong ties to the United States (appreciating U.S. food products and culture). Additionally, new Portuguese consumer trends (such as single-serving and ready-to-eat products) may create opportunities for new products (for additional information, see [GAIN Report - Catching up with Portuguese Consumers](#)).

Additional Information

For more information on exporting U.S. agricultural products to Portugal, please check the recently published reports:

Report Number	Title
PO2021-0005	Exporter Guide 2021
PO2021-0006	The Portuguese Food Ingredients
PO2021-0007	The Portuguese Food Services
PO2019-0013	Retail Foods
PO2021-0010	Catching up with Portuguese Consumers

Attachments:

No Attachments.