EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E – Markets
**The Director**

Brussels,
AGRI.E.2/JM/BB/2022/8649763

**MINUTES**

***Meeting of the Expert Group Fruit and Vegetables Market Observatory***

***Subgroup Tomatoes***

***21 October 2022***

Chair: DG AGRI E.2

Delegations present: All organisations were present, except WUWM.

## 1. Approval of the agenda and of the minutes of previous meeting

The minutes of the previous meeting and the ongoing agenda were approved.

## 2. Nature of the meeting

The meeting was hybrid non-public and was web-streamed with interpretation. Language regime: FR-EN-IT-ES to FR-EN.

## 3. List of points discussed

Update on the 2022 campaign of processed tomatoes in the EU and rest of the world

Compared to pre-summer projections, the EU 2022 production data has been further revised downwards, at 9.7M tonnes, i.e. 18% lower than the previous quite productive year (11.8M tonnes for 2021) as well as lower than initial intentions at the beginning of the campaign (10.3M tonnes). This is due to competition from other crops (although seen as a punctual phenomenon linked to the specific uncertainties of 2022) and climate-related problems (mainly drought during the summer) in the Iberian Peninsula, Greece and France affecting final production there. The production in Italy, the main EU producing country, despite being lower than the previous year, is however in line with the historical average.

The world production is estimated at 37.2M tonnes (-5% YoY) in line with smaller European and Californian production due to climate problems as well as the very much reduced production in Ukraine following the Russian invasion. To be noticed the strong recovery of Chinese as well as Turkish production which is for the time being not creating problems on the market. The EU weight on total production for this year is then estimated at 26% (down from 30% last year).

This 2022 campaign was exceptionally expensive for processors due to the increases linked in particular to energy and packaging costs as well as the increased cost of raw material. There is a lot of uncertainties on how this will affect the product prices, the consumer demand and the overall profitability of the processing companies.

Concerning world-wide organic processing tomatoes, there seems to be a decreasing trend due to much lower production in California. The production in Italy (where about 10% of the surface is estimated to be organic) is stabilizing this year also thanks to the very hot and dry summer season which is more conducive to organic production than heavy rains.

Concerning climate change, according to first studies about it, the impact on the production of processed tomatoes should be lower than on other crops like wheat, maize or rice for example. According to the cited studies, the global production can decrease by 6% by 2050: while China is projected to remain stable, California and Italy might decrease. The biggest identified challenge in the future is the water scarcity (and the competition for usage of water from other crops). New breeding techniques (i.e. genetics) and agronomy (e.g. biostimulants, irrigation techniques) are elements mentioned to be a way to offset climate impacts.

Finally on 10-year forward projections, notwithstanding climate events, the production and consumption should increase and recover from the low levels seen in 2022.

Update on the summer campaign for fresh tomatoes and forecast 2022/23 winter campaign fresh tomatoes

Fresh tomatoes - Spain

For the summer 2022 just concluded the decrease in production observed in the previous years has stopped and the production is estimated at around 550K tonnes (surface 7.4K ha) in line with 2021.

For the forthcoming winter season 2022/2023 the projections point to an increase of production to 1.3M tonnes (from 1.2M tonnes the previous year) as well as an increase in area (14.5K ha vs 13.4K ha the previous year). Around 20% of winter production should be organic whereas the weight of vine tomatoes should increase to 43% (from 34%) as both rounds and other types should decrease. More than 90% of the exports from Spain is destined to the internal EU market.

The market situation is considered more favourable than in the past given less competition from other EU countries and current high prices. However the current drop in consumption in Spain as well as the rest of the EU, the increase in input costs and the increasing competition from Morocco (both in the EU and the UK, the main exporting market) are elements of preoccupation. Regarding the UK it was reported that now Morocco has surpassed both Spain and the Netherlands as the main supplier.

Finally on 10-year forward projections, experts note the difficulty to make forecasts as the production of fresh tomatoes is quite volatile from one year to the other and it is adjusted to market dynamics and demand. For Spain, the key adjustment variables are the production level and quality of its two major competitors i.e. the Netherlands and Morocco.

Fresh tomatoes – France

The summer production in France for 2022 is estimated at 536K tonnes i.e. 2.5% decrease year on year (with a decrease more pronounced in the open fields than greenhouses) despite an increase in surface. The decrease in yield for 2022 is due to lower gas usage in March in the greenhouses and heatwave hitting the producing regions in the south. The 2022 campaign was also characterized by increasing input costs of which energy showed the highest increase followed by fertilizers.

For 2021 and 2022, 50% of production was on vine, 10% on round and 40% on other types. Surfaces dedicated to the cocktail variety are expected to decline in France, because the production is not competitive enough. High level of Moroccan cherry tomatoes on the French market during the summer combined with high volume of French production due to the favourable weather led to low prices and lack of profitability for the French producers.

Due to the completion of the surface census in France, which covered 2017 to 2020, it should be noted that the statistics for the years before 2020 will be revised (probably upwards) in March 2023 by the French agricultural statistical institute.

The tomato season in France starts in March/April and lasts until October and there is no winter production. Most of the French production is destined to France and during the production period French tomatoes are very popular with consumers whereas outside the production period Moroccan tomatoes have more than 50% of the market share.

For 2023, while it is too early to say, it is possible that the season will start with some delay (spring, summer) as it would be too costly for the greenhouses to start planting already at the end of winter.

Given the current saturation of the organic market, some of the organic produce finds their way through the conventional channels as sometime more remunerative. This phenomenon has been observed since 2020.

Fresh tomatoes - The Netherlands

The estimate for 2022 summer production is 670K tonnes (down from 730K tonnes for 2021) whereas the forecasted winter production for 2022/2023 is estimated at 35K tonnes (80K tonnes the previous season and 160K tonnes two seasons beforehand). The big decrease for the upcoming winter season is mainly due to the increase in energy and input costs and the uncertainties linked to overall profitability. For 2023, the expectations are that tomatoes will be produced and sold mostly locally and that the market will be more volatile with periods of high volume in the market and possible overlap between north and south production. In general, there is the worry that the most fragile consumers will not be willing or able to pay for their daily intake of fruits and vegetables.

The latest inflation figures for the Netherlands point to an inflation of 17% with however a lower inflation for fruits (5%) and vegetables (9%). Concerning tomatoes, the low production in the Netherlands is pushing prices up (+14%) and decreasing the volume (-7%) in the national retail market over the first 6 months of 2022 year on year. Similar dynamics are observed in Germany, which is closely followed up as it is an important market for Dutch tomatoes exporters.

Experts also noted that ToBRFV is still an issue in their production and should be discussed at the next Plant Health Standing Committee.

Finally concerning organic, the Dutch representative pointed to a recent study by the Dutch government available here in Dutch language Agro-Nutri Monitor 2022 met analyse en aanbevelingen door ACM | Tweede Kamer der Staten-Generaal.

Update on WUWM project on price monitoring for tomatoes

Cancelled in the absence of WUWM.

State of play of market transparency implementation

The Commission showed the new trade and price applications for fresh tomatoes available on the Commission website at:

- https://agridata.ec.europa.eu/extensions/DashboardTomato/TomatoTrade.html;

- https://agridata.ec.europa.eu/extensions/DashboardTomato/MoroccanTomatoes.html;
- https://agridata.ec.europa.eu/extensions/DashboardFruitAndVeg/FruitAndVegetablePricesSC.html

Concerning tomatoes and the implementation of the market transparency legislation, the Commission stated that most Member States have communicated the tomato prices as well as the methodologies of collecting those prices. Work is on-going with Member States to better understand and fine-tune their price collection and reporting methodologies.

Any other business

Some experts both from the Netherlands and Spain mentioned that they are working together and with other European organisations to establish a unique sustainability protocol for fruit and vegetables with the idea that this protocol would be open and agreed with the European distribution and recognized by the different European administrations. The first results of this project are expected in one or two years.

Regarding fruit and vegetable consumption, experts noted that prices have increased by 10-15% depending on the products and the Member States, while volumes are down by 10-15%. This is a worrying trend.

The sector representatives are worried about how some Member States (France, Spain and Italy were mentioned) are introducing different laws with regards to the use of plastic in packaging which risks distorting the internal market and creating barriers for intra-EU exporters. The Commission suggested that this could be discussed at the next Civil Dialogue Group taking place in November.

## 4. Next steps

Publication of the minutes on the F&V MO website.

## 5. Next meeting

The next meeting will take place in June 2023 (date to be announced).

## 6. List of participants

Annexed.

(e-signed)
Pierre BASCOU

List of participants– Minutes

***Meeting of the Expert Group Fruit and Vegetables Market Observatory – Subgroup Tomatoes***

**21 October 2022**

| MEMBER ORGANISATION |
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| AREFLH |
| EUCOFEL |
| EUROCOMMERCE |
| COGECA |
| ECVC |
| COPA |
| FRESHFEL |
| CEJA |
| TOMATOEUROPE PROCESSORS ASSOCIATION |
| *WUWM* *ABSENT* |