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DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E – Markets
The Director

Brussels,
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MINUTES

MEETING OF THE EXPERT GROUP FRUIT AND VEGETABLES MARKET OBSERVATORY
held via videoconference (Interactio)
on Thursday 26 October 2023 from 09:00 to 13:00

Chair: DG AGRI Unit E.2

Delegations present: All the members were represented, except Eurocommerce, World Apple and Pear Association (WAPA)

1. Approval of the agenda.

The Agenda was adopted – no objections.

2. Adoption of the Rules of Procedure

The Rules of procedure were adopted – no objections.

3. Nature of the meeting

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

4. List of points discussed

4.1. Processed tomatoes - Final production figures 2023 for tomatoes for processing and expectation for the 2023/2024 campaign in terms of prices, consumption and extra-EU trade

The world production of tomatoes for processing continues to increase, due to a very high production in the big producing non-European countries like USA, China, Türkiye and Iran and is estimated for 2023 at more than 43M tonnes (+14% vs. 5-year average). China has significantly ramped up and professionalised production after some years of difficulty and will remain a major producer. Ukrainian production has also recovered partially. World consumption also increased, to be seen if this trend continues in 2024. EU production on the other hand is stable at around 10.5 million tonnes, and as result the EU has lost in 2023 some market share (estimated at 24% of the world production in 2023).

The increase of input prices in the EU (fresh tomatoes, energy and packaging) has been mitigated by higher selling prices.

The EU trade balance is strongly positive both in terms of value and volume: in 2022 exports accounted for 1.8 million tonnes (2.1 billion euros) and imports accounted for 0.4 million tonnes (0.5 billion tonnes). This is due to the strong differentiation of the production specialisation in the main European production areas of processing tomatoes and the fact that EU mainly imports semi-finished products for second transformation (double and triple concentrated tomato in large formats account for 59% of total imports in volume over the last 5 years) and EU main exports high value products (peeled and unpeeled counting 52% of total exports in volume over the last 5 year). The balance is projected to remain still strongly positive in 2023 although decreasing. This first estimate based on 6 month figures will have to be confirmed when complete annual figures will be available. Worth noticing the strong increase in Chinese triple concentrate imports over the first months of 2023.

Organic production in the EU has been falling for 2 years, and this trend is expected to continue into 2024. In France, 20% of tomato areas are dedicated to organic production.

4.2. Fresh tomatoes - Review of the summer campaign 2023 and forecasts for the winter campaign 2023/2024 for the main producing countries in the EU

4.2.1. Poland

Due to high energy prices (and hence energy savings), later planting and lower light through the summer campaign, the production is estimated to have reduced by 20-25%. There was no change in production profile with 70% in pink tomatoes, 15% classic tomatoes and 15% special tomatoes. From week 23 and week 43 it was observed a decrease in input costs (energy and packaging), inflation as well as on tomato prices (with the exception of strawberry tomatoes). Labour costs are still very high and have increased.

Imports and exports are balanced. Imports have increased complementing the reduction domestic production. The main suppliers are the Netherlands, Spain, Morocco and Turkey. Small quantities of imports from Russia, Belarus and Azerbaijan were also recorded. Exports are stable year on year, mainly to Germany, Ukraine and the UK (although it's more difficult to export there since Brexit).

The ToBRFV virus is estimated to have reduced production by up to 20%. More resistant varieties are available and used by the biggest producers, but they have yet to be accepted by retail and consumers.

It's claimed that there are in the Polish market some tomatoes with higher level of permitted levels of MRLs pesticides due to, allegedly, not enough controls by the Polish authorities especially at the border. The expert was invited to provide more evidence.

4.2.2. Spain

Production (475K tonnes in 2023 vs. 503K in 2022) in the summer campaign went down despite increased area (6.8K ha in 2023 vs 6.5K ha in 2022) due to adverse weather, heat and pests. During the summer campaign, the imports and exports were balanced in terms of volume but exported tomatoes had higher average price (around 1.9 EUR/Kg) than imported tomatoes (around 0.9EUR/Kg). Producer prices for round tomatoes have decreased by 15% yoy to 0,85€/kg but still more expensive than imported tomatoes from PT (0,79 €/kg) which is the main supplier in Spain during the summer months. The cost of production has increased in the last two years by 34% and estimated at 0.53EUR/Kg in September 2023 together with a decrease in consumption especially for the low and medium income classes.

With 1,217 million tonnes the forthcoming 2023/2024 winter production is expected to slightly increase (+1%). Contrary to the general trend, organic production (which accounts for around 12% of total production), is expected to increase by 10%, with the main markets being CH, AT and DE.

Trade: Spain exports small and specialty tomatoes (mainly to DE and FR) and imports round tomatoes. Increasing imports from Morocco and Türkiye for the whole EU remains a point of concern for the Spanish sector.

Morocco has announced a national support scheme of 6000 Euros/ha for the production of fresh tomatoes to counteract the increase of production costs and will also make more P and N fertiliser available. However, their production is expected to suffer to a certain extent from pests and water shortage.

ToBRFV: The virus is currently under control in Spain due to preventive measures like rapid tests and destruction of affected plants. Monitoring of 100% of seeds imports is crucial.

4.2.3. Netherlands

Even if the consumer prices are currently going down in NL (with a negative inflation level in September 2023), prices are still 15% above September 2021. From Jan-June 2023, retail sales of fresh tomatoes dropped by 1% in volume but increased by 6% in value.

Exports dropped strongly in the first quarter of 2023 given the low production (as the greenhouses were not lit), and although volumes were higher in May and June, they did not increase as expected. However, exports to the UK remained stable at around 100 000 tonnes in the period January to September 2023 vs the same period the previous year.

Summer production in 2023 is estimated at 730 000 tonnes slightly higher than the previous summer despite the fact that some farmers planted cucumbers instead of tomatoes (and are expected to continue to do so), and weather conditions provided less light.

Regarding winter production, the area with lighting is forecast to be 450 ha, up from 200 ha of last winter, but far below the long-term average of 800 ha. Some tomato producers stopped and sold their greenhouses. Planting is currently ongoing.

ToBRFV: Many producers are waiting for fully resistant varieties. NL judges a 100% seed testing as problematic, as resistant plants may be infected but show no symptoms.

4.2.4. Italy

Production: Despite climatic problems and labour shortages, the summer production increased by 14% and area by 5% and performed much better than expected. Prices were in general quite high (around 13.5% higher than that of the last two years), especially for cherry tomatoes. However, the high input prices and financing constraints with the high interest rate environment are particularly difficult for small producers, and many could drop out, impacting somewhat the overall production. The average cost of production for 2023 for 1ha of tomatoes in 2023 is estimated at around 10.7K euros which represents an increase of around 35% compared with 2021.

The areas planted for the winter campaign have not increased, so production is not expected to increase either. Challenges for the upcoming winter production are expected to be the higher temperatures, labour shortage, increased production costs and the impact of the virus. Cherry tomato production could go up, also because they are more resistant to viral diseases.

High production costs and climate change also has a toll on Moroccan and Turkish production and their production could decrease going forward.

ToBRFV: The virus impact on production is estimated at around 20%. New preventive measures have been introduced. However, given the many different contamination paths, the only promising control measure seems to be the development of resistant varieties.

4.2.5. France

Production: Despite stable area, the summer production in FR has gone down in 2023 (457 000 tonnes vs. 522 000 tonnes in 2022). The reasons are multiple: shift towards small and special tomatoes with lower yield, a lack of light at the beginning of the season in the north of the country and high energy costs (impacting the production in Brittany).

Consumer prices are higher for domestic than for imported tomatoes as distributors seem to make more margin on the former than the latter. Moroccan competition affects especially the cherry tomatoes segment.

Household consumption is affected by the weather and so is the producers’ price: for example, while these were low during the first months of the year, in august, with the return of good weather, the consumption as well as the producers’ prices improved.

Household consumption was also hit by the high retail prices and the global inflation: from January to August 2023 french consumers spent less money for tomatoes due to lower quantities purchased (less than 1M tonnes, - 6.2% last three year average) and higher prices (average of 3.42EUR/Kg, +4.5% of last three year average). Organic consumption is particularly impacted with a decrease of more than 20% both in volume and in value in 2023 compared to the average of the last three years over the period April to June.

France is the main importer of Moroccan tomatoes accounting for half of its total exports. While the bulk of those imports take place during the winter months and are reexported, there is sensible increase also in the summer months.

ToBRFV: FR had a limited number of incidences, most of them from the same producer of plants in the Netherlands. Regarding ToBRFV-free seed, despite the tests carried out by the seed company there is currently no certainty of having free seeds.

4.3. Miscellaneous

4.3.1. Market analysis of seed production, trade and sales in the EU

Euroseeds presented key figures of the EU seed sector: 52 000 employees, up to 20% of companies' turnover is spent in research and development. Moreover, the commercial seed market is estimated at around 10 billion euros serving agricultural products and processed agricultural products whose values are estimated at more than 100 billion euro (farm gate level) and 1000 billion euro respectively.

Since 1952 almost 5000 tomato varieties were registered, and more than 4000 were surrendered. In the last few years the new varieties introduced, hardly any new varieties were surrendered.

The EU does not produce enough tomatoes seeds to satisfy the market as 80% of seeds are imported. Imported seeds are generally processed in the EU (cleaned, sorted, eventually treated with plant protection products, packaged).

While global imports and exports of seeds for sowing for vegetable corps represent around 2% in terms of volume of all seeds, they represent around 30% in terms of value.

ToBRFV: There are many different contamination paths, such as movement of people or mechanical transmissions, and seeds are only one of the possible path. Hence the impact of seed controls is rather limited and, as eradication is not possible, mitigation measures are crucial.

The number of resistant varieties is increasing since this marketing year, and a new recent EU regulation on protective measures requires each Member State to register resistant varieties. However, it is important to clarify that resistant varieties cannot claim immunity.

4.3.2. Medium-term outlook

AGRI A2 and their consultant AGMEMOD presented the methodology, the assumptions and the preliminary results for the medium-term outlook projections both for fresh as well as processed tomatoes. The experts were asked for their inputs and comments on their respective markets either orally during the meeting or in writing after the meeting.

4.3.3. Evolution of consumption and prices for tomatoes and vegetables at retail level

The consumption pattern is still determined by inflation; although general inflation is slowly descending (4.3% in September 2023), food inflation remains high at 8.8%, and it will still take 6-12 months for the food prices to normalise.

In general, sales of retailers declined by 4.7% since beginning of 2022, although less so in the food sector. For 2023, the trend which started at the beginning of the year continues i.e. consumers buy less and less quality food, buy supermarkets' brands and the share of the discounters grows. Volumes of sales of fresh products (meat, fish and fruits and vegetables) are decreasing, their value remains stable. GIs and organic production are most hit.

4.3.4. Revised dashboard fresh tomatoes

The Commission briefly presented the revised Tomato Dashboard and its new features:

- Prices of three tomato types (round, truss, cherry/special) are shown separately;
- Calculation of a general EU price trend only for indicative purposes;
- Nearly real-time monitoring of imports and exports;
- Monitoring of intra-EU trade;
- Monthly data of trade of the main EU partners.

5. Next meeting

The next meeting is foreseen for June 2024.

6. List of participants

See Annex

[e-signed]

Pierre BASCOU

List of participants– Minutes

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MEMBERS PRESENT
AGMEMOD (ad hoc experts)
AREFLH (Assemblée des Régions Européennes Fruitières, Légumières et Horticoles)
European agri-cooperatives (COGECA)
European farmers (COPA)
European Coordination Via Campesina (ECVC)
Euroseeds
EUCOFEL
FRESHFEL
PROFEL
TomatoEurope (TomatoEurope Processors Association)
World Union of Wholesale Markets (WUWM)
George MANGANARIS (type-A member)