What can be expected in the cultivation of tomatoes in the Netherlands, NW Europe, the effects of the energy crisis, market changes

June 19th 2023

Fresh Produce Centre

DPA Dutch Produce Association

The consumer

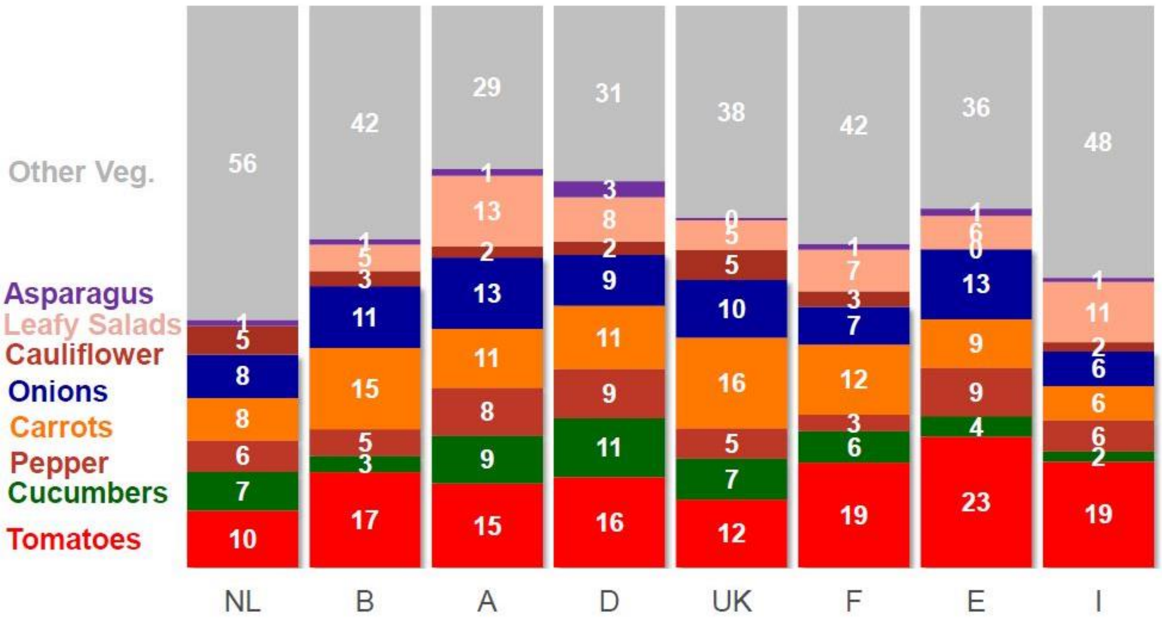
The consumer

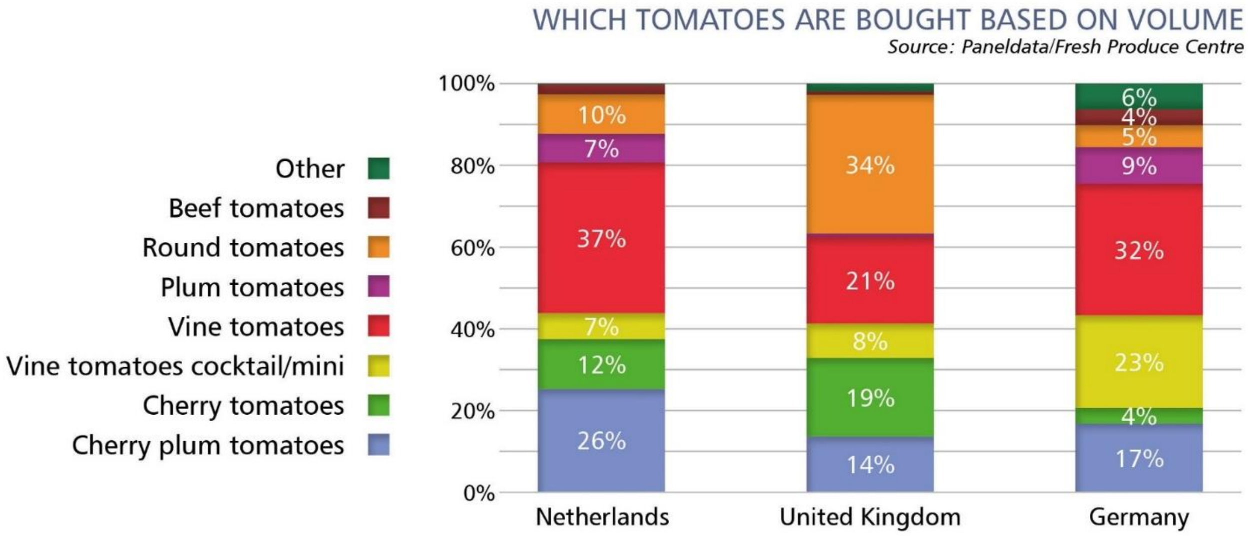
FRESH TOMATOES CONSUMPTION PER HEAD OF THE POPULATION PER YEAR

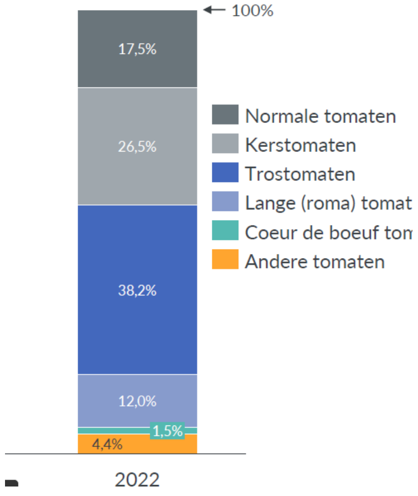
Source: Fresh Produce Centre

Tomato most bought vegetable in EU retail

Source: panels, volume based




WHICH TOMATOES ARE BOUGHT BASED ON VOLUME
Source: Paneldata/Fresh Produce Centre
Other
Beef tomatoes
Round tomatoes
Plum tomatoes
Vine tomatoes
Vine tomatoes cocktail/mini
Cherry tomatoes
Cherry plum tomatoes
100%
80%
60%
40%
20%
0%
10%
7%
37%
7%
12%
26%
34%
21%
8%
19%
14%
6%
4%
5%
9%
32%
23%
4%
17%
Netherlands
United Kingdom
Germany


100%
17,5%
26,5%
38,2%
12,0%
1,5%
4,4%
Normale tomaten
Kerstomaten
Trostomaten
Lange (roma) tomat
Coeur de boeuf ton
Andere tomaten
2022

Belgium

Tomatoes from NL to markets

ORIGIN TOMATO

(including re-export) Source: Eurostat/Fresh Produce Centre

in Germany:

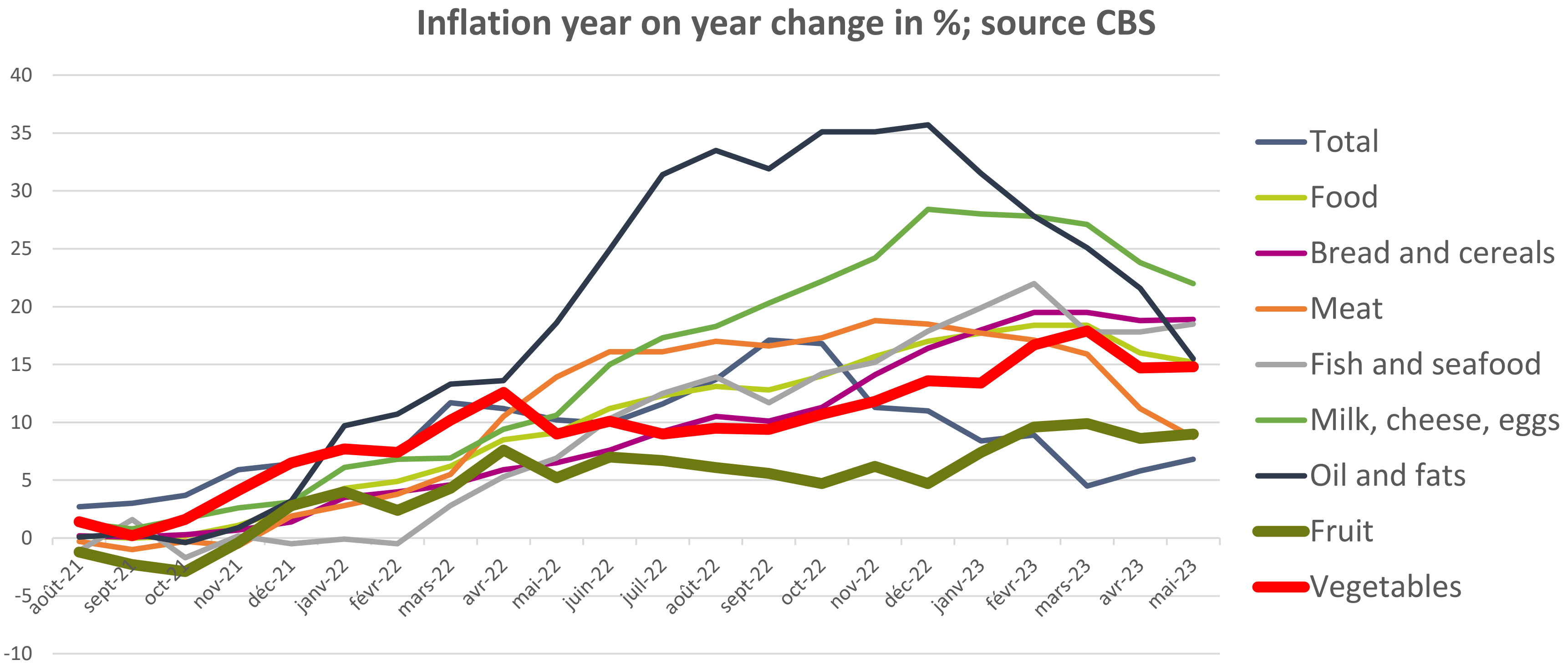
Netherlands	48%
Spain	21%
Germany	13%
Belgium	8%
Other	10%

in the UK:

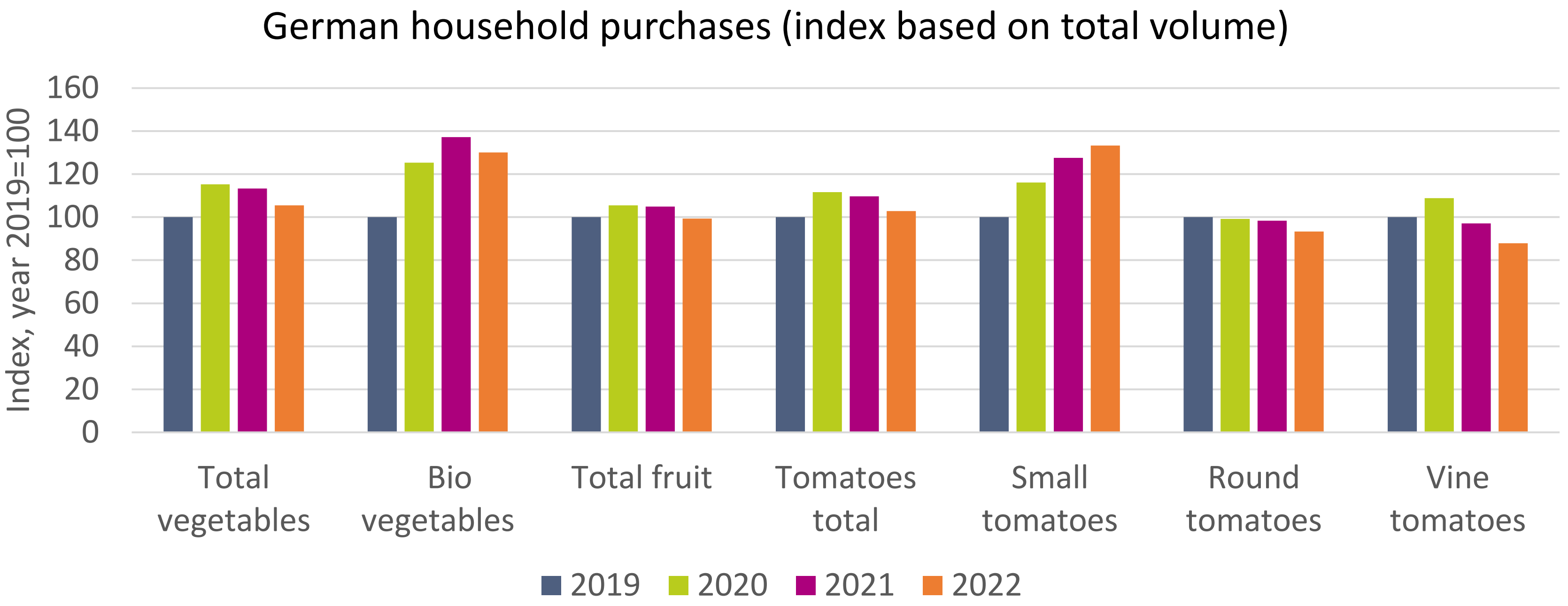
Netherlands	34%
Spain	21%
Morocco	19%
UK	14%
Other	12%

Inflation in the Netherlands

Year 2022: fruit +5% and vegetables +10%



Total German fresh tomato purchases are still above pre-covid level



Drop tomato sales in Dutch and German retail

2022 compared with **2021**

- Netherlands:
  - 4% less volume in retail, 11% higher price
  - Sales retail: 8% classic round, 34 % on the vine (>47mm), 58% specials/mini/cherry(<47)

- Germany:
  - 6% less volume in retail, 4% higher price
  - Volume: On the vine -10%, mini types -3%

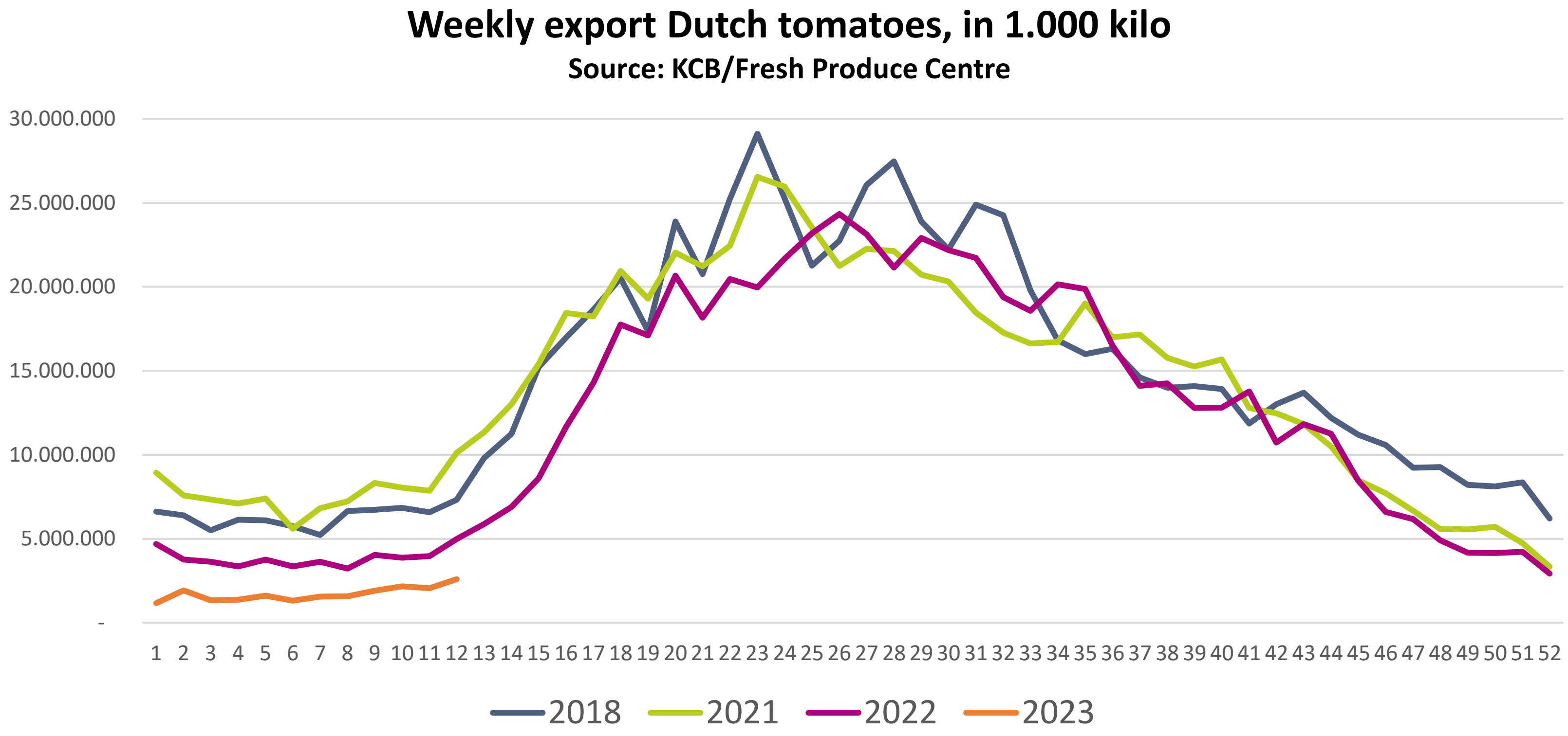
2023 compared with **2022** **(week 1-16)**

NL Retail:

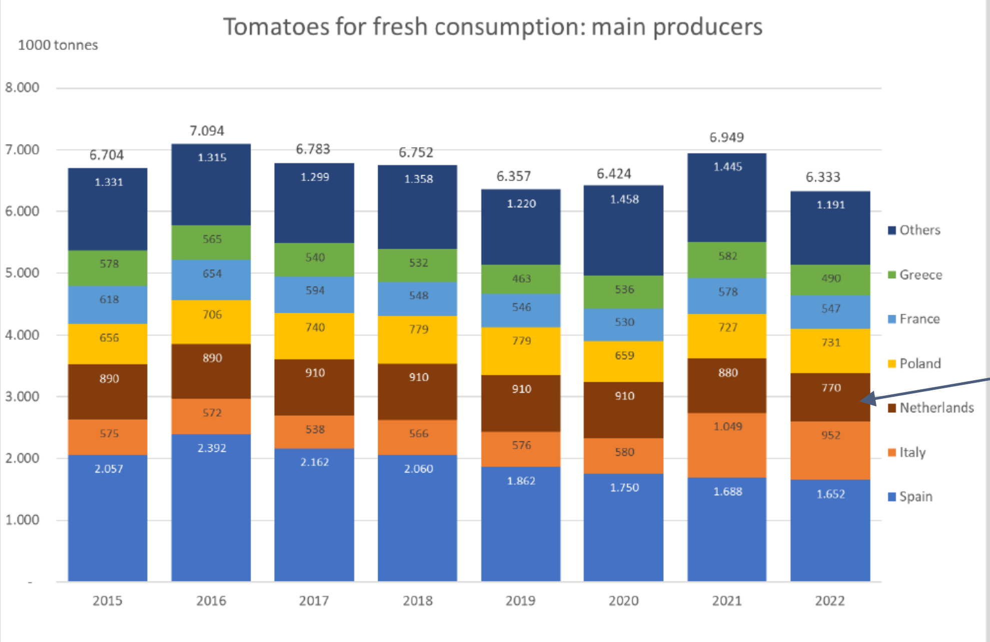
- 5% less volume
- 11% higher price

The production

Low Dutch tomato supply in winter 2023



https://agriculture.ec.europa.eu/system/files/2023-05/tomato-dashboard_en.pdf



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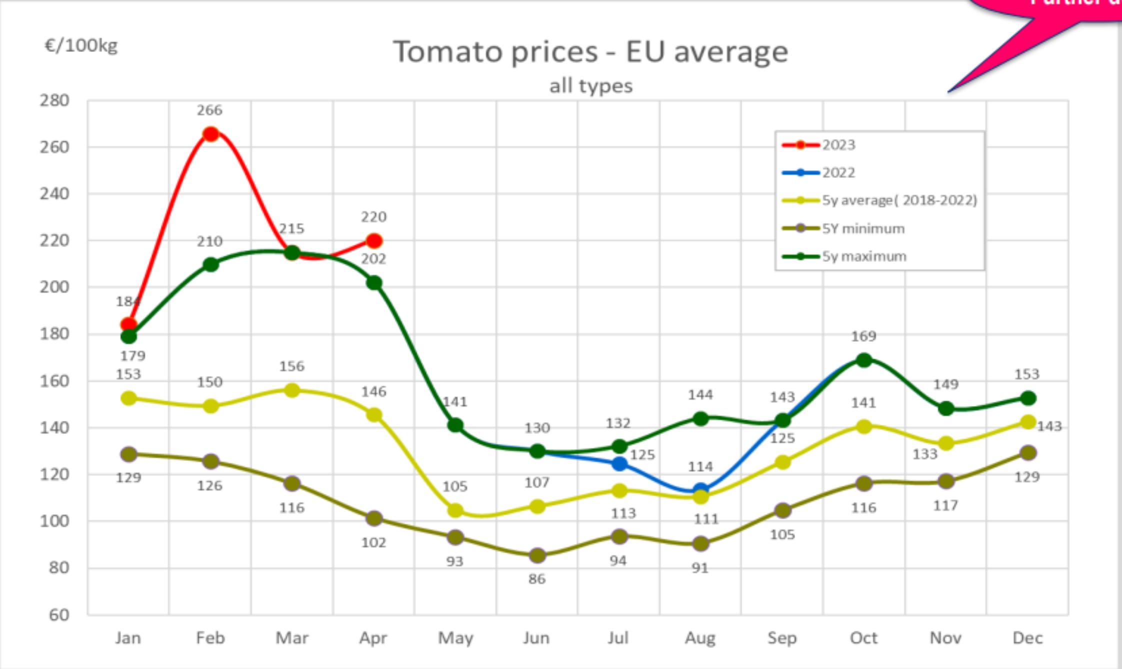
Decrease 2022 in volume by 15 %
(compare to ‘17-’20) due to
5- 10 % TOBRFV
1 % other varieties
7 % Energy crisis

Note: winterplantings season 2023 are NOT done in 2022, so additional decrease in volume 1st quarter, 2nd and 3th quarter high volumes in the market.

Further detail



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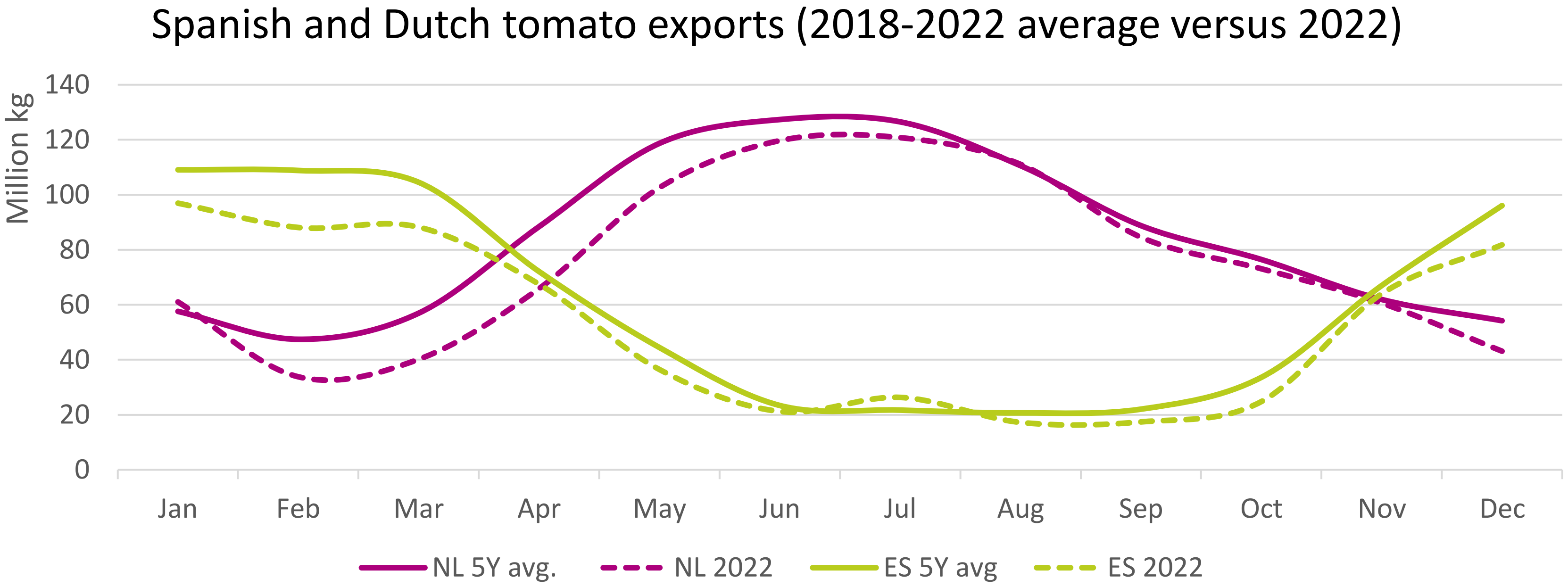
Low volumes in de market Q1
- Very low winterproduction NL/BE
- Bad weather in Spain

Outlook:
Early Q2L still low volumes
Retail more used to high prices ?

Spain has not been able to take advantage of the decrease in Dutch tomato exports



N-W Europe unable to compete in the market regarding labour intensive production

Fresh tomatoes in NL

SUMMER PRODUCTION	2020	2021	2022	f2023
Production fresh tomatoes (tonnes)	760.000	730.000	690.000	730.000
Surface fresh tomatoes (ha)	1.870	1.850	1.815	1.750
% organic	2%	2%	2%	2%
% non-organic	98%	98%	98%	98%
% greenhouse	100%	100%	100%	100%
% open field	0%	0%	0%	0%
%Round tomatoes		11%	11%	13%
%Vine tomatoes		59%	60%	63%
%Other tomatoes (cherry, mini-type…)		30%	29%	24%

Costs of labour
NL **17** euro / /hr
SP **8,50** / hr
N-Africa **2** / hr

→

NOW
- 200 ha
mini/cherry/snack

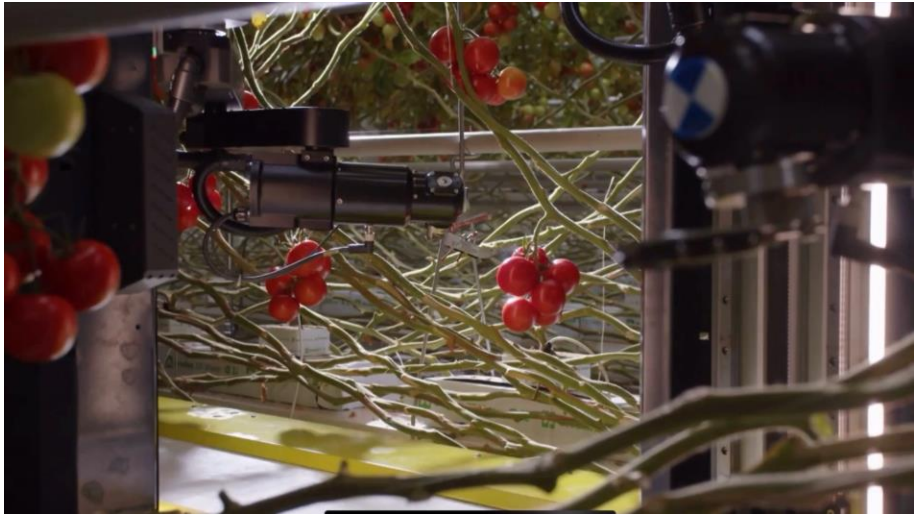
→

Decrease of acreage mini = **increase** of volume Vine tomatoes

→

Dutch PO work with e.g. Spanish PO to have **constant and year round supply** to N-W EUR retail

Technology



- Source: Rabobank, 2022.

The future ?

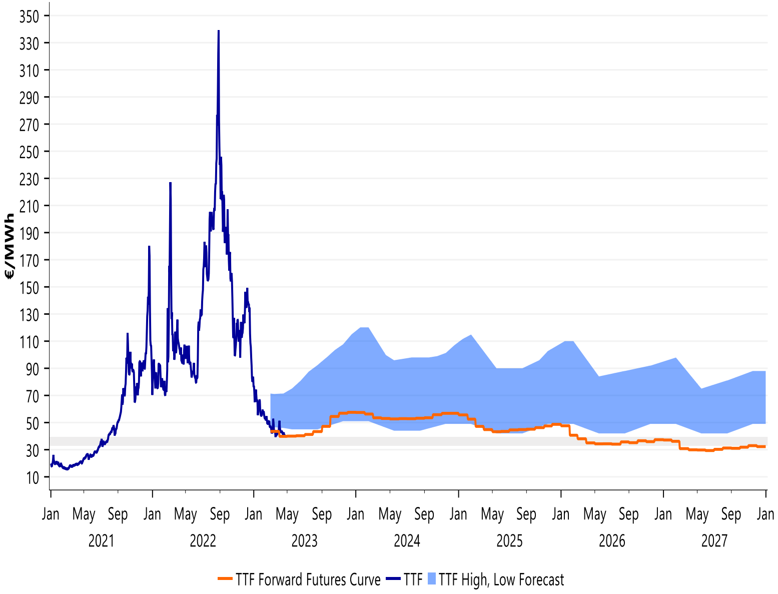
Yes, starting season 2024

Rabobank

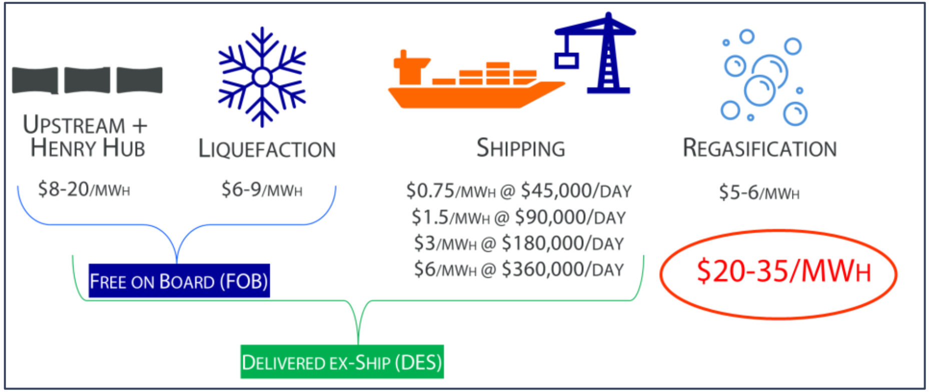
Energy

Supply shocks ease in 2023, but are still far from ‘normal’

- Natural gas prices (TTF)



- LNG floor price



Sources: Macrobond, RaboResearch Global Economics & Markets, IRU, 2023

Focus grower: process of production or process of sourcing energy ?

- Depending on requirements of bank (loans): normally circa 70% fixed energy contract for several years => 30 % on spotmarket !
- Sparkspread: gas / electricity → 100% cogeneration at farms: 70% = 70% but trading (gambling) can be done
- Few have possibilities/acces to geothermal heat in NL, not Belgium or Germany

Focus grower: process of production or process of sourcing energy

- Due to low electricity prices in 2013-2018 appr. 40% of the total NL ha had SON-T in their glasshouses.
- Winter 2022/23: reduction of winter production NL dropped from 800 to 200 ha: loss of production, increase of income: the annual 70% energy use = contract of "low priced" energy was sold, so no tomato production.
- Germany: almost no winterproduction
- Belgium: < 10% ha under lights, last winter not in use

Developments on Energy

- **Geothermal heat**: creating a "communual net" in glasshouse densed area's for being used by industry, agri business and cities but liquid CO_2 needed at farms

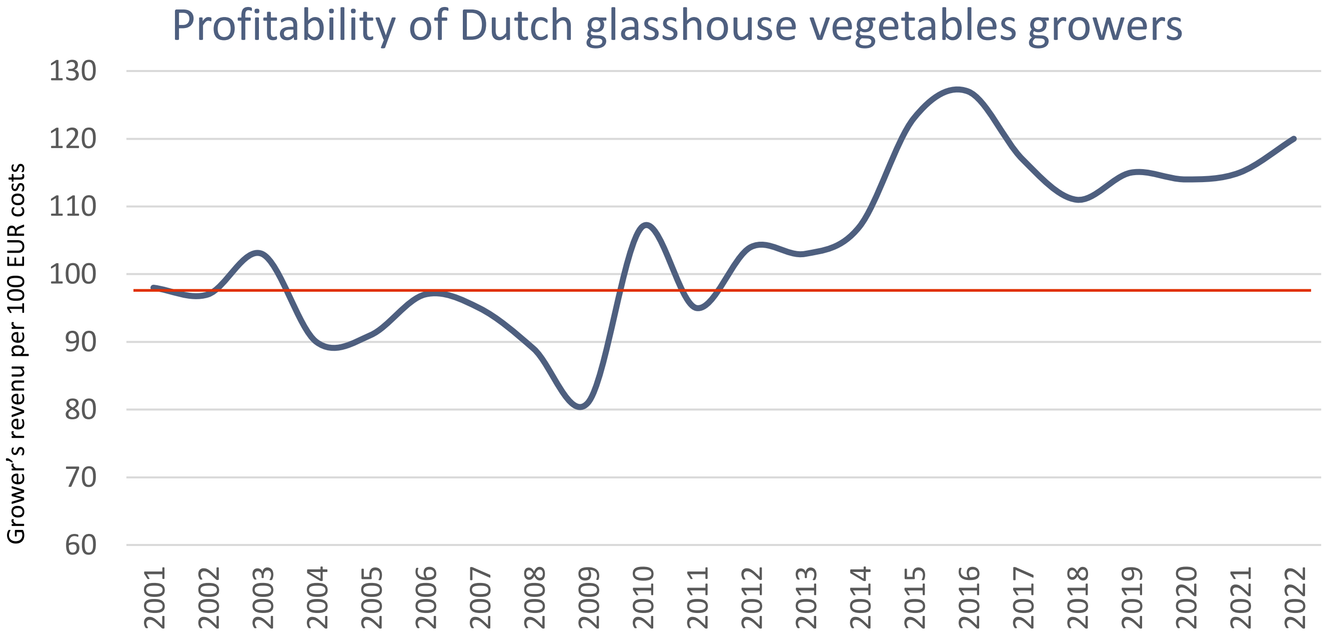
Note: insecurity, high investments, prices still "same" as natural gasses due to subsidies

- **Electric boilers** to be used if the communal net is overloaded by solar / wind power
- **Batteries**: still too expensive
- **H2**: in stadium of R+D, surplus of Electricity can be transferred in H2, can be transferred into "warmth"
- **AI:** artificial intelligency to predict developments in the upcoming few weeks: making on daily basis > 50 scenario's at farmlevel

Developments on Energy

- Work to circular energy usage
- Changes of suppliers of natural gas (N=100) and long term possibilities. Payment in advance ? Bankrupts? Obligation to deliver ?
- Politics NL
  - New legislation
  - A CO2 tax per 2025 per farm per m3
  - ……………
  - ……………..

Despite huge energy cost increases and other challenges, Dutch glasshouses performed well (on average)



2021 and 2022:

- High prices
- Rapid change of strategy
- Cost savings
- Long term natural gas contracts
- Selling electricity from CHP at high price
- Selling natural gas contracts at high prices

Large differences between farms due to energy positions

Source: Wageningen Economic Research, 2023.

TOBRFV

Developments TOBRFV

- Hygiene, hygiene, hygiene
- Developments on vaccins (PePMV) possible if RNQP
- Resistant varieties
  - In trial
  - Only few types
  - Level of resistance IR/HR/non suspensibel

- Effect on markets, e.g. increase NL acreage cucumber by 10 % on top on already shifting plantingperiod due to high energy, today marketprice cucumber is ultimo low (level 2011)

The expectations ………

The state of the world in 2023 and beyond calls for a different mindset

A polarized world

A consuming conflict

A looming conflict?

Industrial conflict?

Labor

Economic hardship?

More inflation?

Government intervention

Climate change / energy transition

Tomato market EU

- NL managed to adapt to consumerpreferences, high valued product is sold at high prices, high marketshare of tomatoes supplied by NL PO in retail
- N-W Europe has a low preference for classic round tomatoes, even when the price is low in retail (some EU producers forgot to adapt)
- Some varieties cannot be produced in EU (anymore) due to labour costs
- Local product always have preference of local consumer
- Tomatoes will travel less km’s in EU, highly appreciated tomatoes can travel more km’s

Tomato sector NL - EU

- Energy is better priced now, collectives of tomato producers in the producerorganisations are winner
- Invest in working together in EU: Dutch PO work now with Spanish PO to supply NL home market (N-W Europe) in wintertime
- Organic in N-W Europe→ we produce fully IPM, zero residu, full recirculation /re-usage of water and fertilizers but on top of (outside) the soil. Organic 7-55% less yield (WUR) compare with N-W Europe "conventional".
- Producers who extend their view outside their farm obtain knowledge and skills to adapt (quickly) to new or uncertain circumstances will survive

Thank you for your attention