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Forecast Working Group “Tomatoes”
Brussels,
Friday, October 19, 2018

Tomatoes for Processing
Crop 2018

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Confirmed decrease of EU production of processing tomatoes, bigger than expected, both in absolute terms and compared to global production

EU production decrease = -15,3%

The previous level of European production was probably not commercially sustainable…

...but it is possible that we begin to heavily experience the effect of climate change

EU Processing tomatoes 2018

(x .000 tons)

(highlighted in yellow are members of Tomato Europe)

	Average 2015/2017	FORECAST 2018	2017 FINAL	FINAL 2018	VARIATION 2018 vs 2017	VARIATION 2018 vs average
Italy	5.190	4.900	5.200	4.650	-10,6%	-10,4%
Spain	3.150	2.600	3.350	2.800	-16,4%	-11,1%
Portugal	1.531	1.250	1.554	1.100	-29,2%	-28,1%
Greece	420	420	400	320	-20,0%	-23,8%
France	189	170	195	145	-25,6%	-23,3%
TOMATO EUROPE	10.480	9.340	10.699	9.015	-15,7%	-14,0%
Malta	8	8	8	8	0,0%	-4,0%
Bulgaria	50	50	50	50	0,0%	0,0%
Czech Republic	25	25	25	25	0,0%	0,0%
Hungary	103	125	100	106	6,0%	2,6%
Poland	210	170	200	180	-10,0%	-14,3%
Slovakia	20	20	20	20	0,0%	0,0%
Total EU	**10.896**	**9.738**	**11.102**	**9.404**	**-15,3%**	**-13,7%**

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Drop in 2018 world processing tomatoes production, greater than expected.

-9,8%

but with marked differences in the different production areas

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WORLD PROCESSING TOMATO COUNCIL

I.

2018 WPTC world production of tomatoes for processing (in 1000 metric tonnes)

Estimate at 10 October 2018

Major producing countries
and total world production
(estimate 2018 x.000 tons)

	Average 2015/2017	FORECAST 2018	2017 FINAL	FINAL 2018	VARIATION 2018 vs 2017	VARIATION 2018 vs average
California	10.481	10.795	9.492	10.886	14,7%	3,9%
Italy	5.190	4.900	5.200	4.650	-10,6%	-10,4%
China	5.675	3.800	6.200	3.800	-38,7%	-33,0%
Spain	3.150	2.600	3.350	2.800	-16,4%	-11,1%
Brazil	1.450	1.407	1.450	1.480	2,1%	2,1%
Turkey	2.000	1.500	1.900	1.300	-31,6%	-35,0%
Chile	940	1.211	1.080	1.211	12,1%	28,8%
Portugal	1.531	1.250	1.554	1.100	-29,2%	-28,1%
Ukraine	600	750	650	750	15,4%	25,0%
Tunisia	647	730	643	629	-2,2%	-2,7%
Algeria	575	600	600	500	-16,7%	-13,0%
Russia	274	500	400	500	25,0%	82,8%
USA excluding California	442	450	408	450	10,3%	1,8%
Argentina	447	426	488	435	-10,9%	-2,6%
Canada	441	424	426	424	-0,5%	-3,9%
Greece	420	420	400	320	-20,0%	-23,8%
Iran	1.065	1.500	980	300	-69,4%	-71,8%
Others	2.609	2.606	2.576	2.543	-1,3%	-2,5%
WORLD	**37.935**	**35.869**	**37.797**	**34.078**	**-9,8%**	**-10,2%**

II.

The main trends of 2018 crop

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(1)

As expected, the weight of the EU production compared to the world production has dropped for the first time in the last years

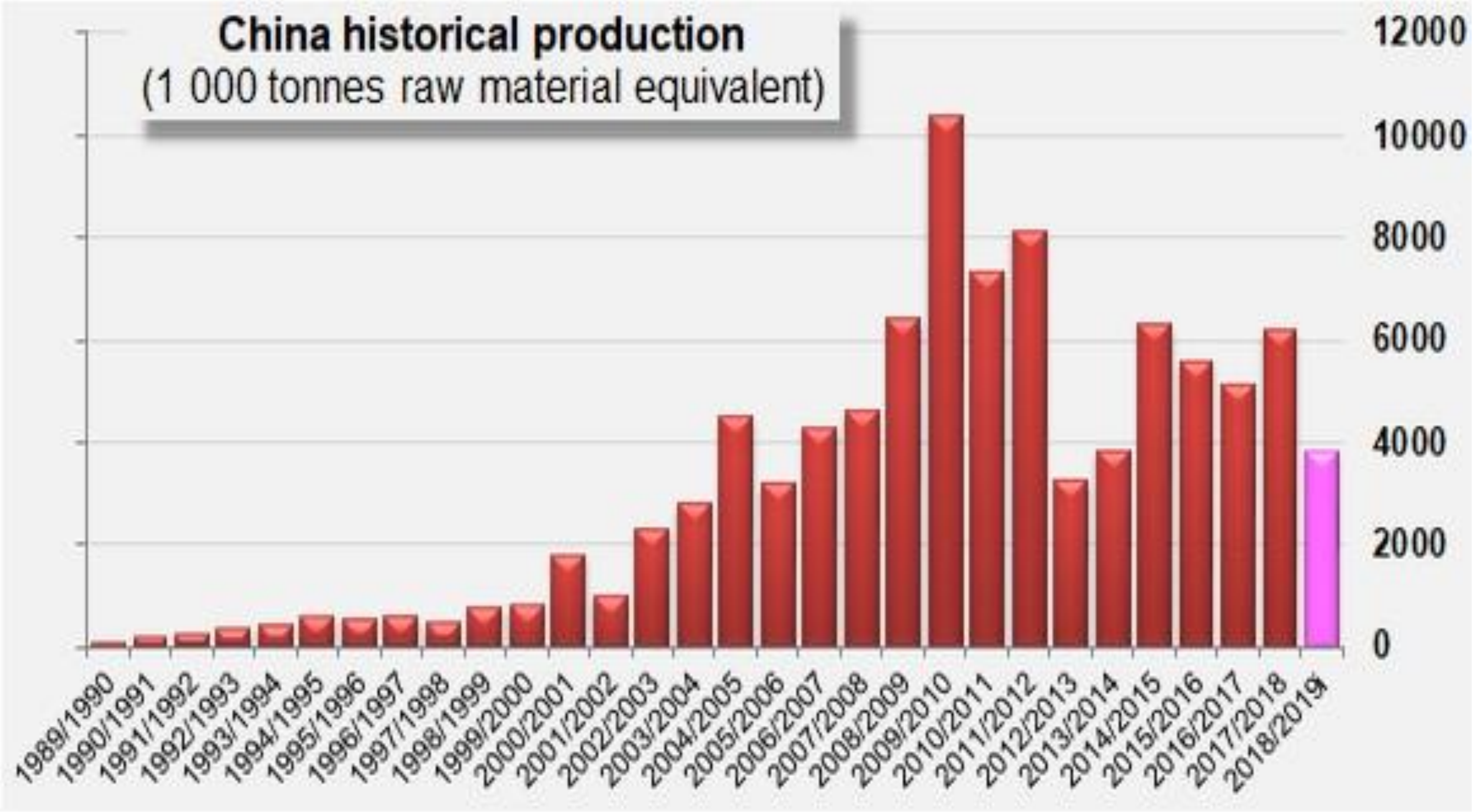
Europe vs World

	Average 2015/2017	2017 FINAL	FINAL 2018	VARIATION 2018 vs 2017	VARIATION 2018 vs average
European Union	10.896	11.102	9.404	-15,3%	-13,7%
Other Countries	27.039	26.695	24.674	-7,6%	-8,7%
GENERAL TOTAL	37.935	37.797	34.078	-9,8%	-10,2%
% UE	28,7%	29,4%	27,6%		

(2)

It is confirmed that the Chinese production is stabilized at much lower levels compared to the previous production peaks in the past recent years

The downsizing of Chinese production

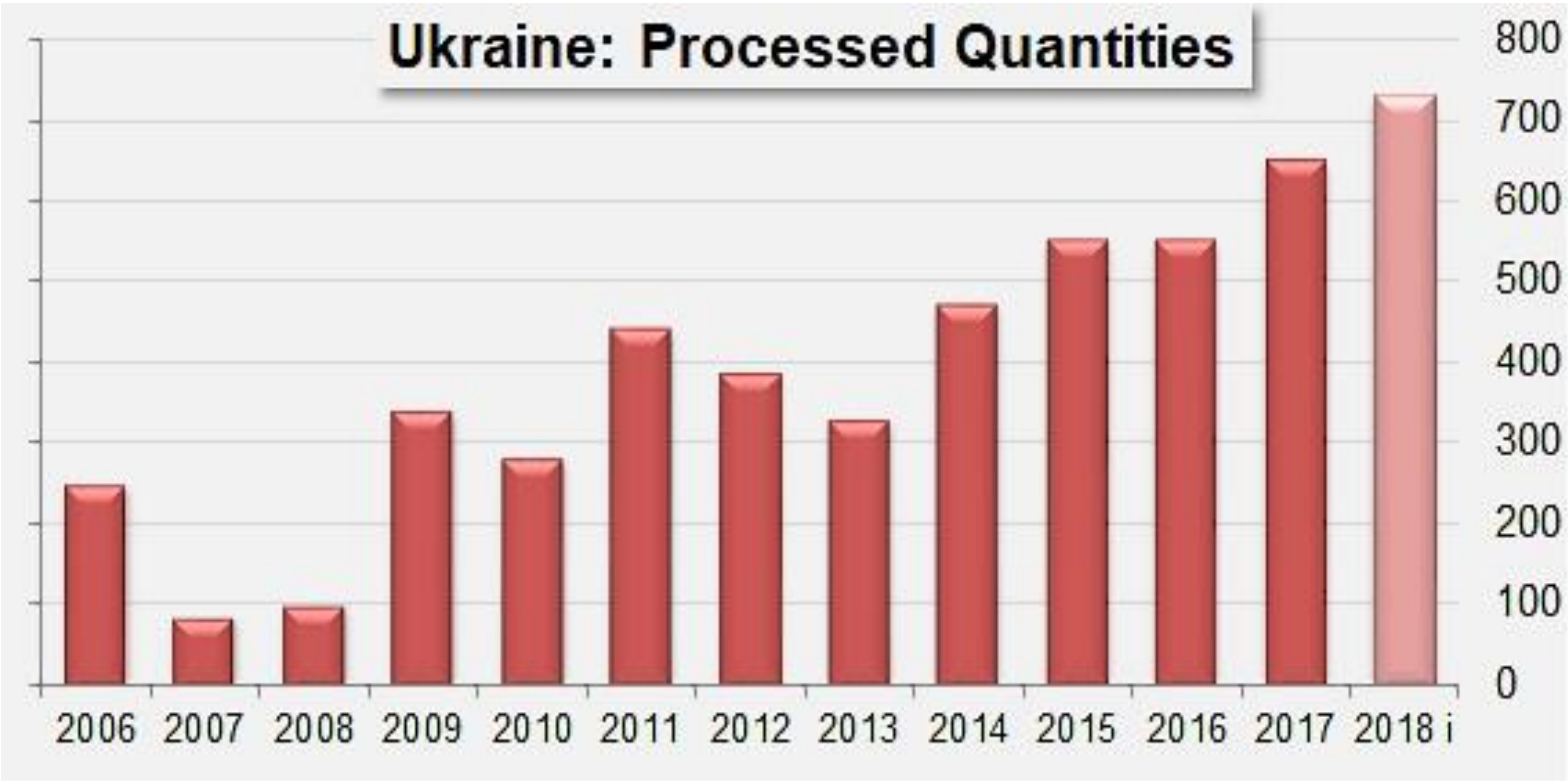


(Source: Tomato News)

(3)

Growth of production in Ukraine (+ 15,4%) and in Russia (+25%) is confirmed and brings negative consequences for the EU processors, particularly regarding the Iberian export of tomato paste.

Ukraine is New China??



(Source: Tomato News)

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(4)

Political and economic difficulties of Turkey have had an impact on the production of processing tomatoes

“Turkey's situation is particular: a major shortfall, the consequence of tomato growers shifting their production to other products following the Russian embargo and damage caused by infestations of Tuta absoluta, have hit the table tomato market and resulted in a staggering price increase on the free market, which therefore became very attractive, including for processing tomato growers. Whereas contract prices for processing tomatoes were fixed at between TRL 350 /tonne (EUR 46/mT) and TRL 400/tonne (EUR 53/mT), tomatoes on the free market have sometimes been negotiated at up to TRL 800 /tonne (EUR 106/mT).”

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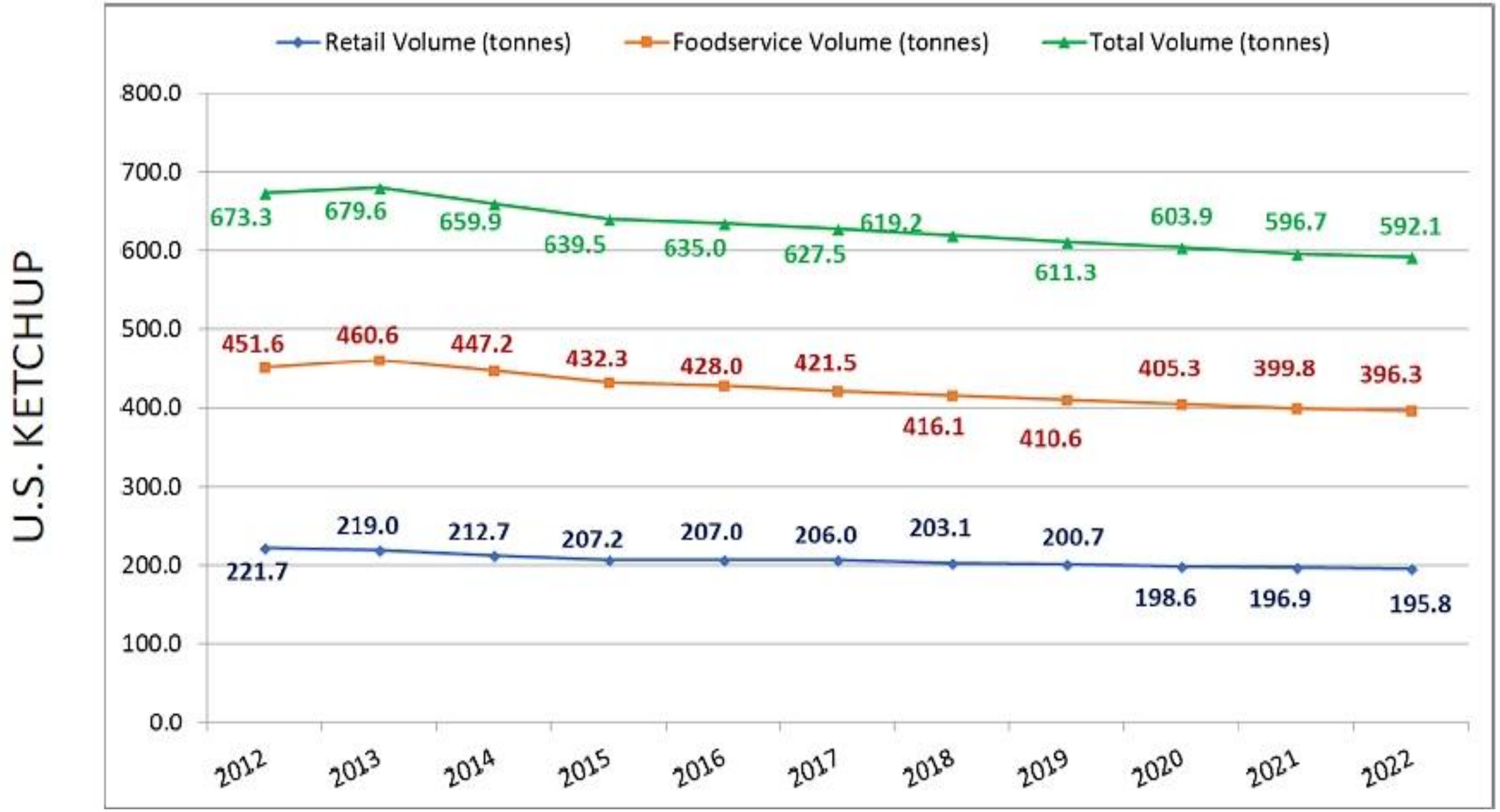
(5)

In Iran, in addition to the low planting, hot and dry conditions during the growing season and during the harvest are putting the Iranian processing tomato crops under pressure, in both the north and the south of the country. So, it is likely that the total processed tomato will decrease to 30% compared to last year's production (only 300.000 Mt).

(6)

The structural difficulties of the North American market are confirmed

Ketchup sales trend in the USA



(Source: Tomato News)

Ketchup sector: more competition with less tomatoes?

(Tomato News article - 24 September 2018)

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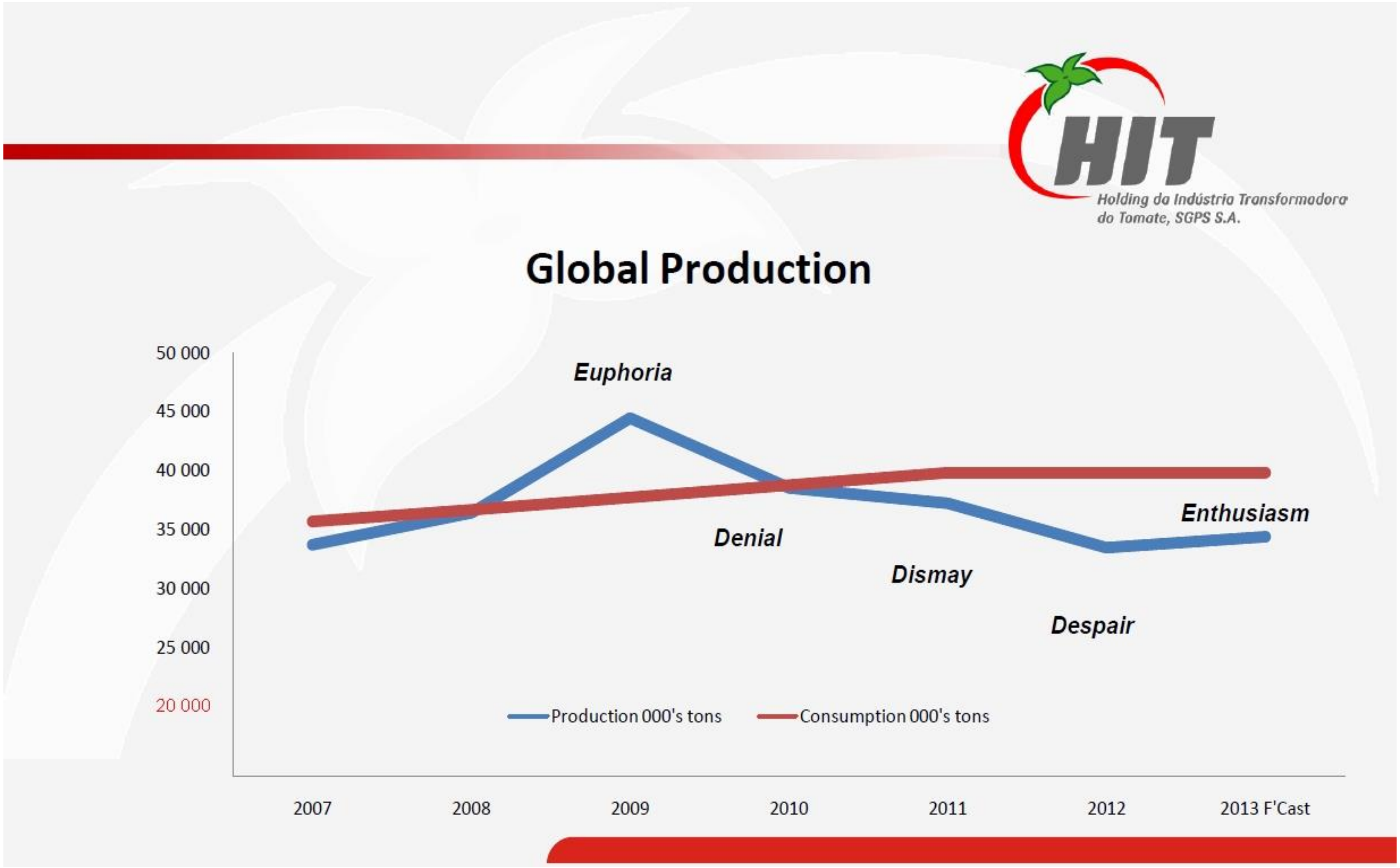
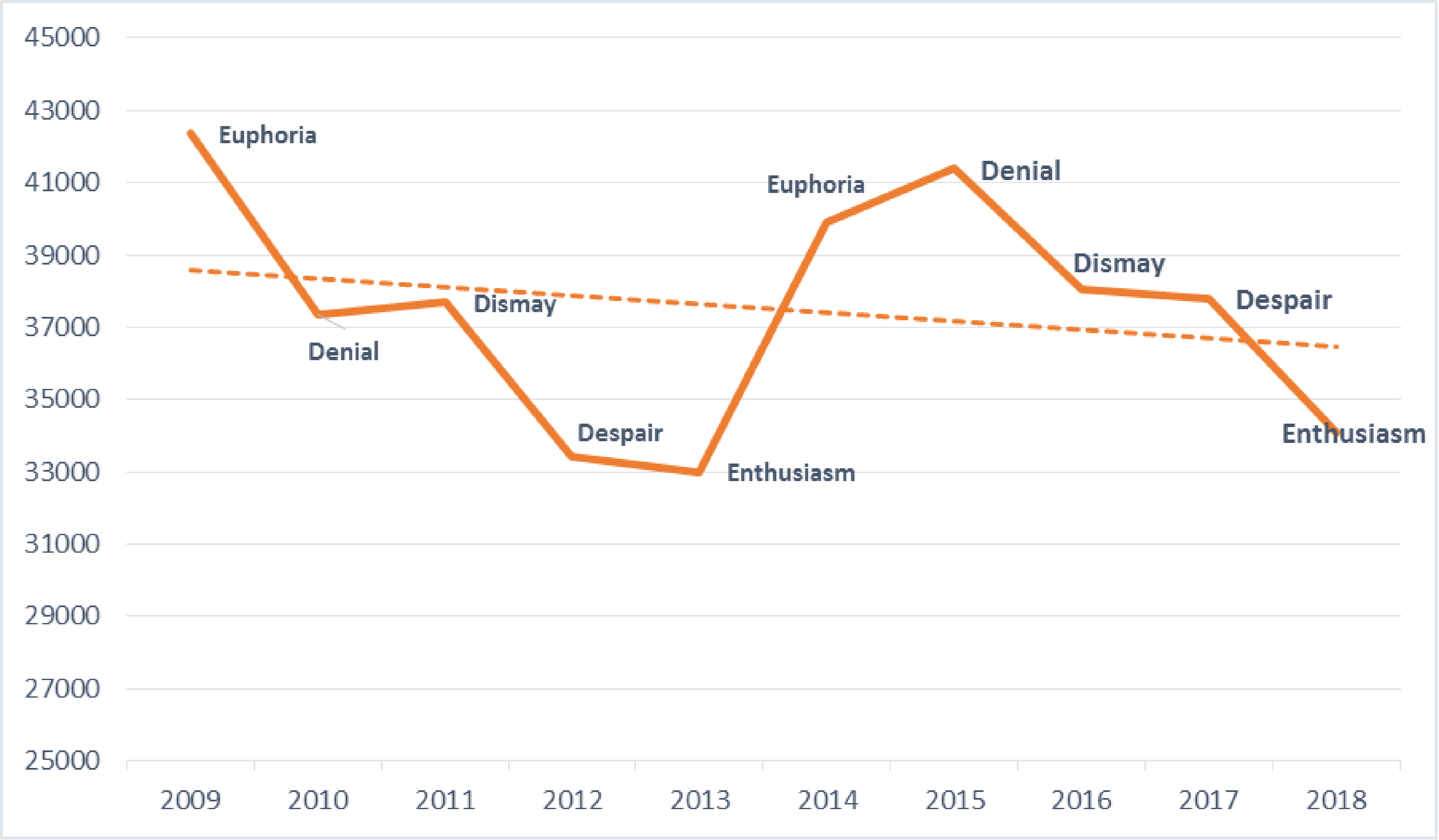
III.
Is it the beginning of the decline in the production of tomato industry?

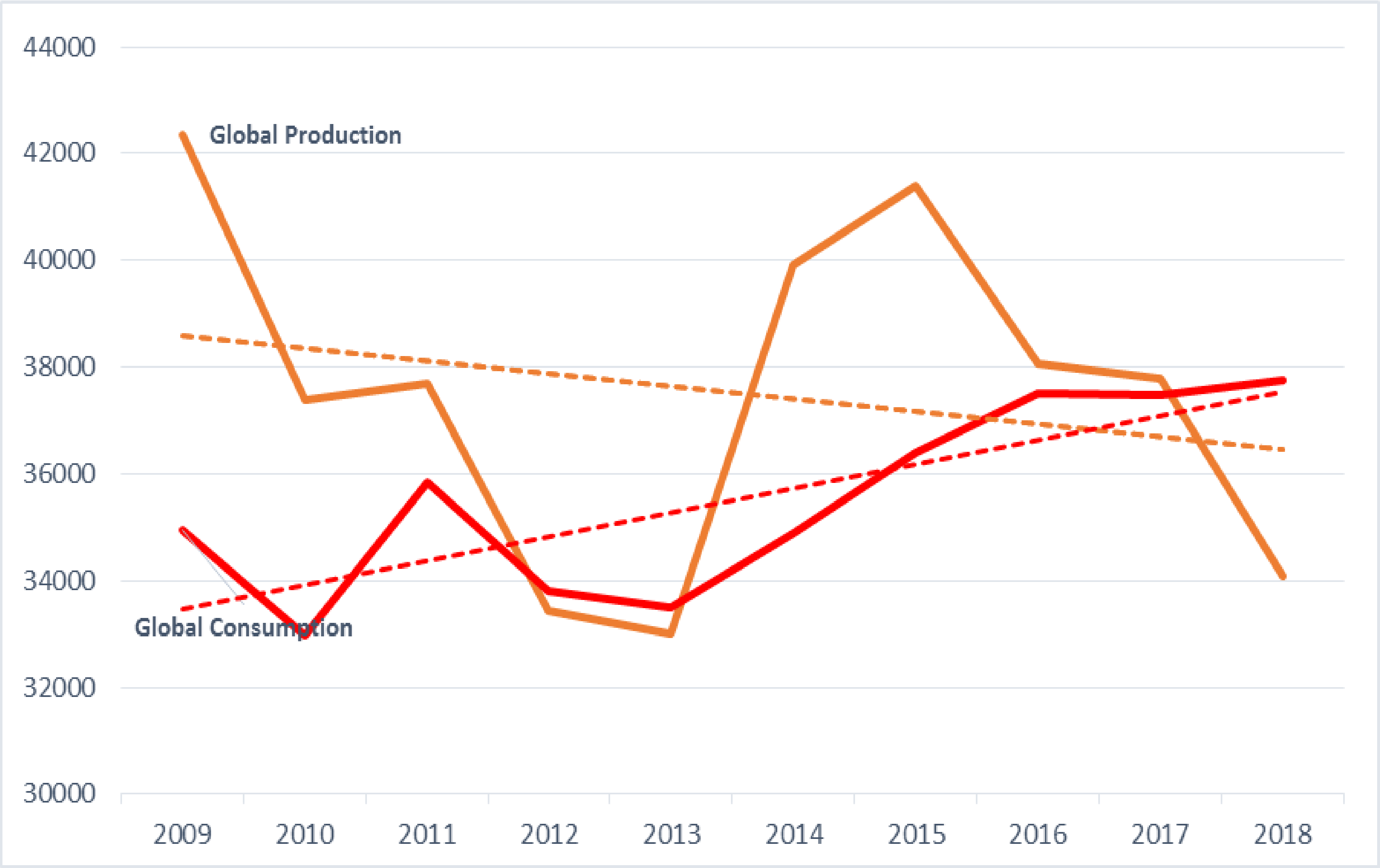
The quinquennal «Stilwell cycle» in global production of processing tomatoes



The «Stilwell cycle»
Updating Global Production



Global Production vs Global Consumption



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It’s confirmed that the surfaces of processing tomatoes in the world and in Europe will probably not grow in the next few years (climate change allowing...)

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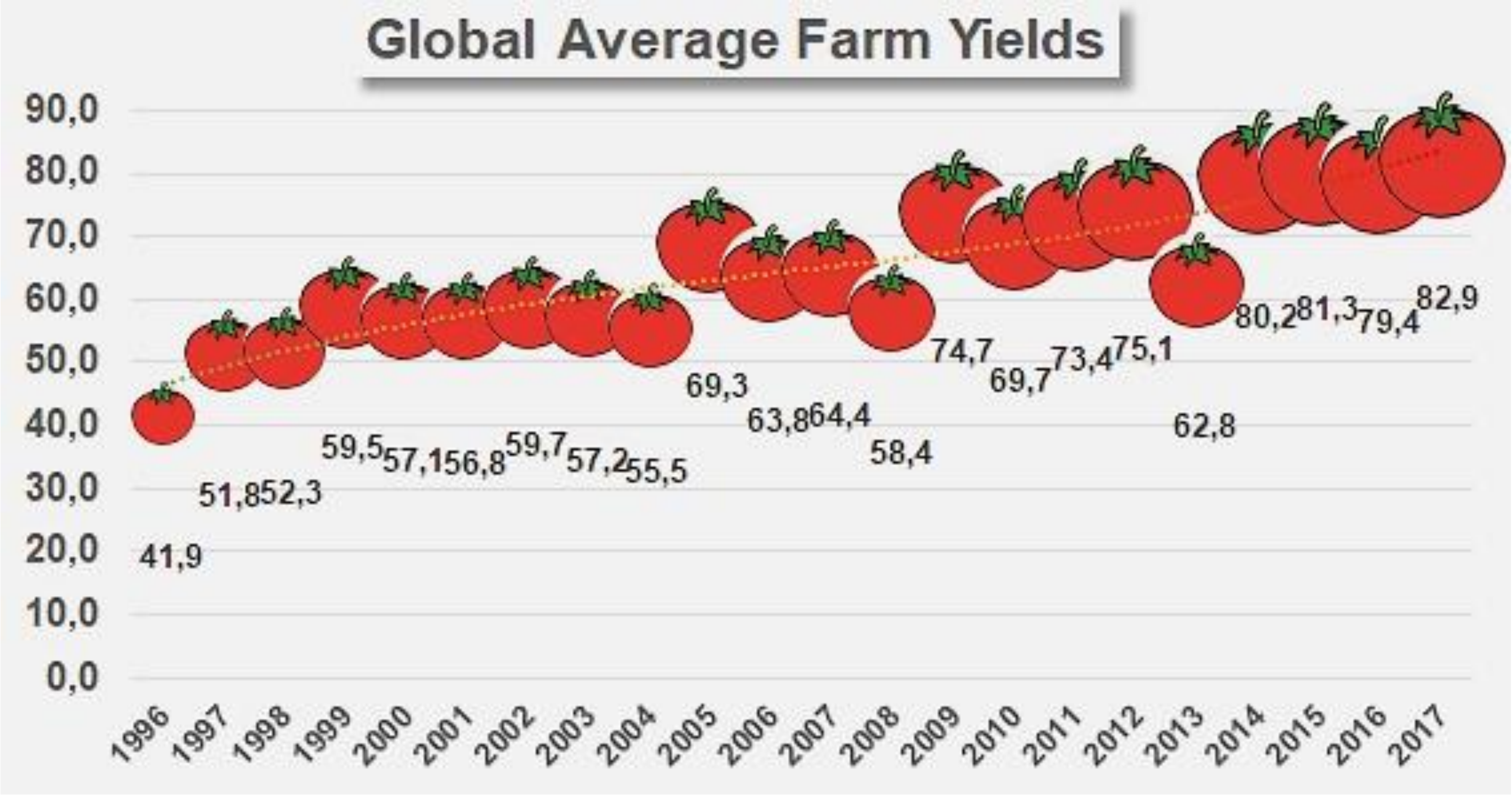
Constant growth of agricultural productivity



(Source: Tomato News)

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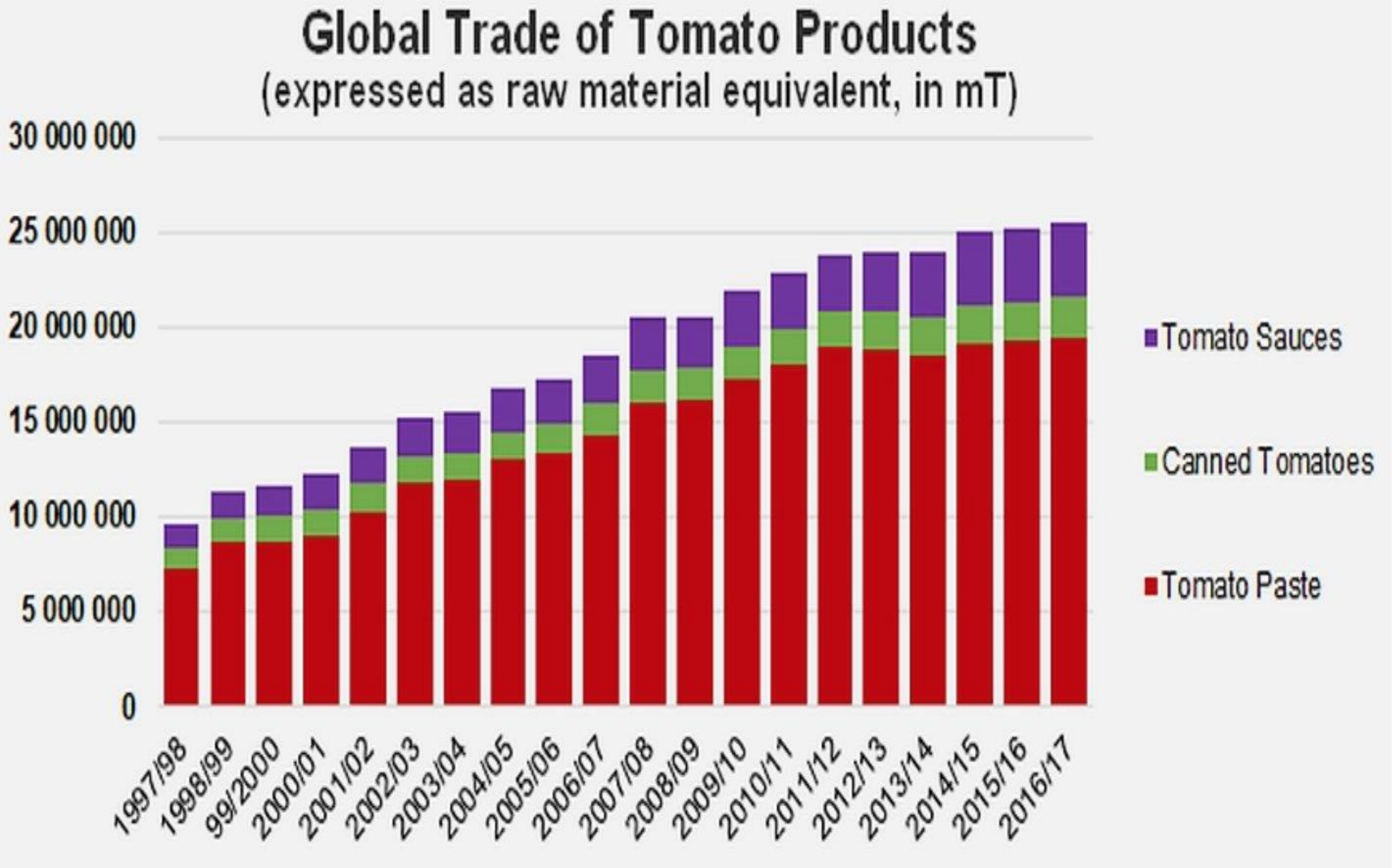
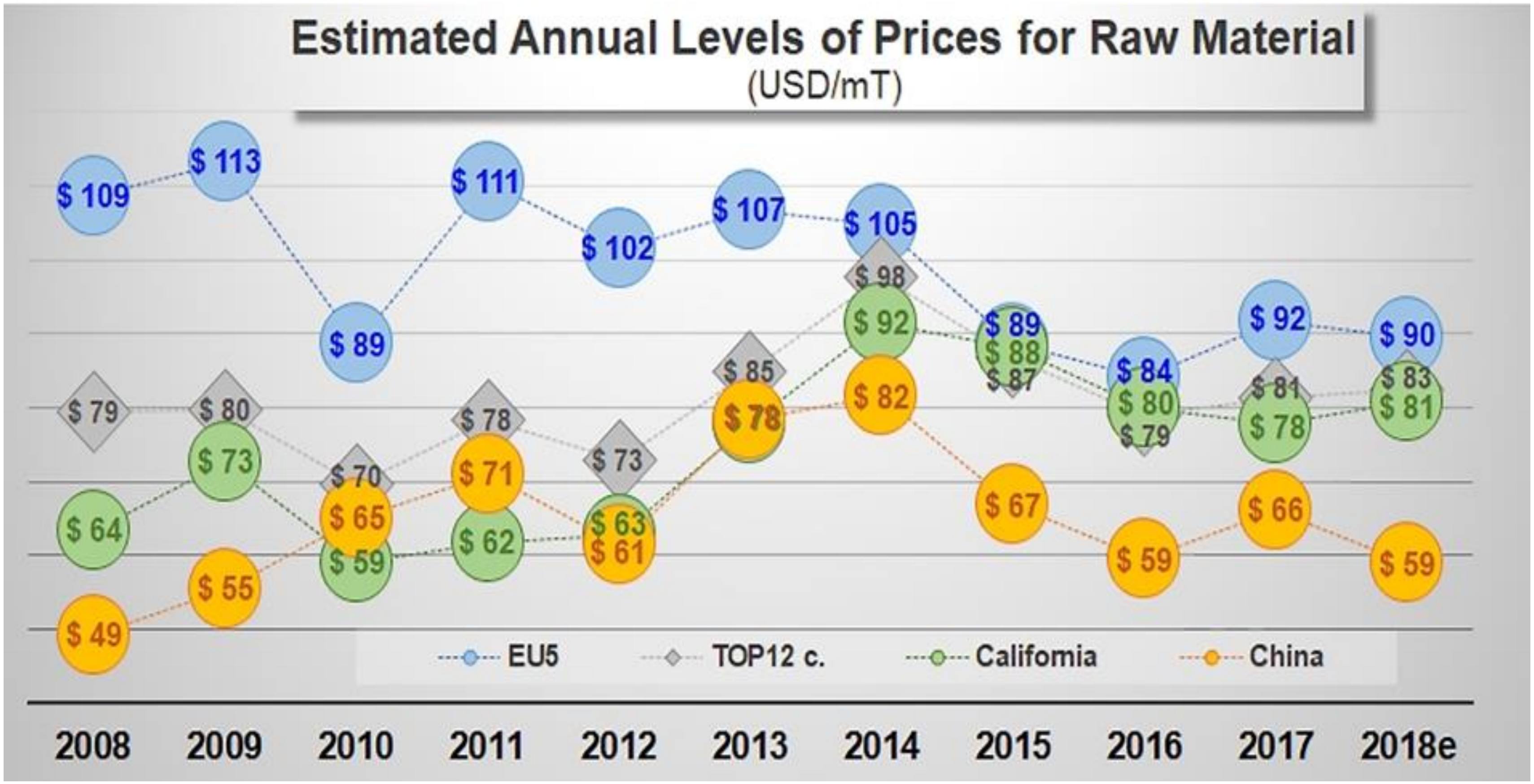
IV
Or is it the beginning of the decline of the current tomato industry model globally?



(Source: Tomato News)

The trend of the price of the raw material



(Source: Tomato News)

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Thanks for your attention