WORKSHOP ON PRODUCER ORGANISATION IN THE FRUIT AND VEGETABLES SECTOR

Brussels, Friday 7 June 2024

Session 3:
“Strengthening the benefits obtained by producers”

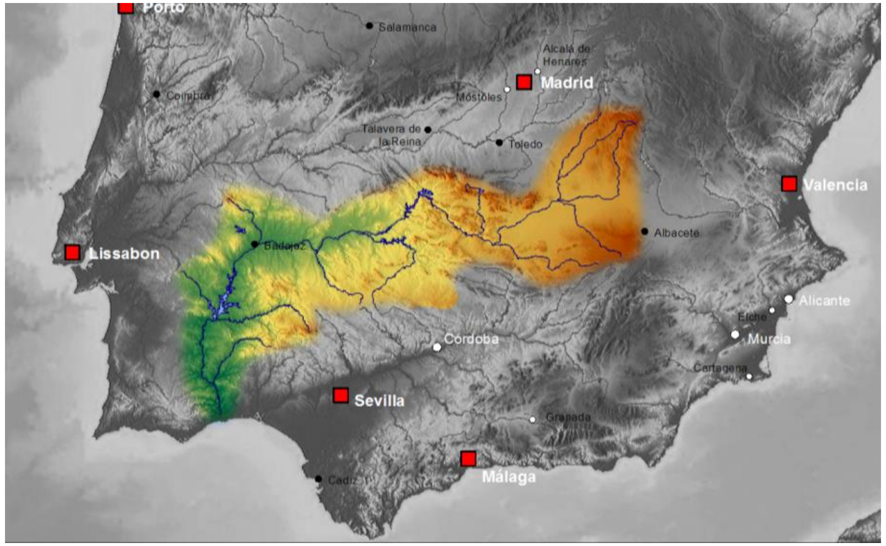
AUMENTANDO EL VALOR AGREGADO A TRAVÉS DE LA PUESTA EN COMUN DE LA TRANSFORMACIÓN EN EL SECTOR DEL TOMATE

TRANSFORMACIÓN DEL TOMATE EN ACOPAEX

ACOPAEX

ACOPAEX

- 2nd Degree Cooperative made up of 12 Cooperatives 1ST Degree:
  - Active Coop members: **800 producers (of which 242/tomato)**
- Established in 1991 and recognized as FVPO 1998.
- Headquarters in Extremadura, south-west Spain, Guadiana Valley.
- Main crops of Acopaex:
  - **FH: tomato processed, stone fruit, vegetables and almonds.**
  - Other agricultural products: oil, rice, cereals, etc. (outside the FVPO)



ACOPAEX

- ACOPAEX: **meets the objectives set for FVPO in the CAP**
  1. **PRODUCTION**: planning, cost control, improving competitiveness, sustainability, quality
  2. **CONCENTRATION OF SUPPLY**, Producers POSITION IN THE CHAIN
  3. **VALORIZATION**: Product Processing

- All of this: through the aid system through **OP of the FVPO**: An effective, integrative and positive system.

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1. Production of Tomato intended for processing

1st Objective of the PO ACOPAEX

- **PRODUCTION IMPROVEMENTS:** increase tonnes/ha, planning, cost management, joint supplies, technical assistance to members, efficient and sustainable water management, phytosanitary control, etc.
- **Tomato CULTIVATION:** Very specialized, very demanding, very professionalized (Average Cost: 12.000€/Ha vs 3.000€/Ha corn)...
- Need to guarantee supply of our industry: **PROFESSIONALIZATION**

Only by being effective, sustainable, stable and competitive in the production of the **RAW MATERIAL**
We can consider taking the step to the **PROCESSING**

1. Production of Tomato intended for processing

- **Tomato production yields**:
  - Before 2004, production was less than 50 tons/ha.
  - 2004-2010, production between 50 and 60 tn/ha.
  - Current production, last years: 85 and 95 tn/ha.
  - **Target 100 tn/ha,** average production in California, world leader in the production of Industrial Tomatoes.
- **Riego**:
  - Infrastructure actions, focused on localized irrigation, sustainable water management
  - 100% of the tomato hectares are currently under **localized irrigation.** (In Spain, 30,000 hectares).
- **Labor, phytosanitary control**

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1. **PRODUCTION**
2. **CONCENTRATION OF SUPPLY**, POSITION IN THE CHAIN
3. **VALORIZATION:** Product Processing

2. Tomato for processing CONTRACT

- An essential tool to be able to grow tomatoes with a minimum guarantee (High Risk: High Investment - Perishable Product)

- **<u>CONTRACT: The Importance of the "Who" and the "When":</u>**
  - In the past, each farmer negotiated his contract with the industry: a position of weakness
  - NOW: it is the OPFH that negotiates and signs the contract: it brings together the offer, a single interlocutor
  - No hectare of tomatoes is planted if there is no contract. Contract deadline: January 31

Smart decision of the COMMISSION: "former tomato aid: " linked to contract by PO

2. Tomato for processing CONTRACT

- Currently: all tomato producers are in different FVPOs, regulation that favor it: EU coupled aid → All the tomato production intended for processing is covered by a Contract.
- The Contract (signed before planting…), defines:
  - VOLUME
  - PRICE
  - DELIVERY DATES
  - QUALITY
    - “Tomato board”
  - PAYMENT DATE

2. Tomato for processing CONTRACT

- Still, negotiation is difficult every year
- Challenge: to maintain the link coupled aid/contracting by the PO

THANKS TO A STRONG POSITION IN CONTRACTING, WE MANAGED TO MAKE THE LEAP TO PROCESSING:
Capture of added value

ACOPAEX

ACOPAEX: meets the objectives set for FVPO in the CAP

1. PRODUCTION
2. CONCENTRATION OF SUPPLY, POSITION IN THE CHAIN
3. **VALORIZATION: Product Processing**

3. **Tomato Processing**

The incorporation of tomato producers into the value chain

- Tomato producers did not participate in processing (change in regulation in 2000).
- Decision by the PO-Acopaex to promote, among its producers, a factory for the **tomatoes first processing** (Year 2001) (tomato paste)
- Industry is a SUBSIDIARY: PO's shares by means of its OP to facilitate capital formation through measure 8 (Acquisitions).

3. Tomato Processing

Benefits Obtained:

- Ensure the crop, which has a **guaranteed output** and continuity
- Securing producers' **investments in their farms** (thanks to stability)
- **Schedule production**
- **Food Safety, Quality Control**
- Loyalty and ensuring production for customers: shortening the chain, avoiding intermediaries
- Benefit obtained in the processing: **Added value reverted to the producer.**
  - In addition to receiving the price of the raw material, the member receives the added value from its his industry: +30-50%
- 1000 tons of tomato raw material, doubles the value when we transform it into tomato paste.

3. **Tomato Processing**

... The Next Step in the Move Forward in the value chain:
The **Second Transformation**:

- Decision in 2013 to acquire the second transformation factory, with its own brand (Apis, Fruco) : production of tomato sauces in cartons, cans and glass.
- 1000 tn of Tomato paste quadruples the value when transformed into a final product: Fried Tomato, Crushed Tomato and Tomato Sauces.

3. Tomato Processing

- **Current situation in Spain of the collective of PO-cooperatives in this sector:**
  - We have **five Factories** linked to OPFH for First Transformation and one for final product. They represent **40% of the amount processed in Spain.**
  - Without this **concentration of supply** in terms of OP FH, it would have been impossible for the producer to participate in capturing the added value of the chain through its entry into the processing.

- **We have talked about Spain and tomatoes, but in Italy we would find similar and even more evolved F&V processed cooperative examples.**

- **Particularity of the "cooperative industry“. It means:**
  - Rootedness to the territory: **not offshoring**
  - Guarantee and **autonomy of supply**: short circuit (vs China)
  - **European quality:** "from farm to fork“
  - Benefit for the partner, benefit for the territory, local development, environment. Maintenance of agricultural activity, generational renewal: 242 member producers, 4591 hectares.

CONCLUSION:

The ACOPAEX strategy is fully **aligned with the objectives of EU** aid to FHs. Our trajectory **<u>would't have been the same...:</u>**

- Without the improvement of the position of the farmer thanks to be a member of the **OPFH**
- Without EU funding to our **OP**
  - The OP gives priority to the individual actions of tomato **growers** (investments in irrigation; state-of-the-art agricultural machinery.
  - It includes actions related to **marketing , valorisation and quality improvement.**

Looking ahead to the post-2027 CAP Reform:
<u>"Let's maintain and reinforce what works..."</u>

Thank you for your attention