Processed Tomato Products Situation and Outlook in Selected Countries

Production of tomatoes for processing in 11 major producing countries in 2001 is estimated at 20.6 million tons, down 8 percent from 2000 and down 15 percent from 1999's record output, due mostly to surplus supplies. The most notable declines were registered in Chile, Greece, and the United States. Production of tomato paste in selected countries, excluding the United States, in 2001/02 is estimated at 1.19 million tons, down 11 percent from 2000 and down 21 percent from 1999's record level of 1.50 million tons, due mainly to surplus supplies and low international prices. Production of canned tomato products in major producing countries in 2001/02 is estimated at 1.97 million tons, down 9 percent from last year and down 14 percent from the 1999 record of 2.31 million tons, due mostly to a decline in the Italian output. During this same period, exports of tomato paste pack from selected countries are estimated at 841,000 tons, down 8 percent from the previous year, due mainly to smaller shipments from Turkey, Greece, and Chile. Exports of canned tomato pack from major producing countries are estimated at 982,000 tons, down slightly from 2000/01.

In the **United States**, production of tomatoes for processing under contract in 2001 is estimated at 8.6 million tons, down 11 percent from 2000. The decline in output was due mostly to a 5-percent decrease in contracted acreage accompanied by a 2.36 ton per acre reduction in yield between 2000 and 2001. In California, yields are down due to frost and hail during mid-March and April and a May heat wave, with temperatures in excess of 100 degrees, causing bloom loss. Michigan growers experienced drought-like conditions for several weeks before harvest, causing below average yields. Also, industry is still seeking to reduce the large carryover stocks and to improve low wholesale prices caused by the bankruptcy of Tri-Valley Growers (one of the largest processors of canned tomatoes in the United States). The bulk of U.S. tomatoes for processing goes for tomato paste production.

During the first 10 months of 2001, U.S. exports of tomato products (canned tomatoes, tomato paste, ketchup and tomato sauce) totaled 247,000 tons valued at $191 million, up12 percent in volume and 9 percent in value, from the same period in 2000. Canada remained the number one U.S. customer for tomato paste, sauce, ketchup and canned tomatoes. Mexico is also a key market for U.S. processed tomato products. U.S. imports of processed tomato products (canned tomatoes, ketchup, tomato paste and sauce) during the same period totaled 119,000 tons valued at $66 million, up 79 percent in volume and up 55 percent in value, due mostly to a huge increase in tomato sauce imports from Italy.

In **Mexico**, production of tomatoes for processing in 2001 is estimated at 136,000 tons, down 13 percent from the 156,000 tons forecast earlier. This decline was due mainly to lower area planted due to large tomato supplies in Mexico and Florida over the past two years and due to less utilization by the Mexican processing industry. Tomato consumption for MY 2001/02 is forecast to be slightly higher than last year, due to higher supplies and lower prices. However, final tomato consumption depends on tomato exports to the United States, because domestic consumption tends to be a residual after exports. Tomato paste production in Mexico in 2001 is estimated at 17,000 tons compared with 30,000 tons forecast earlier, due to a decrease in international demand and high international inventories. Low international demand forced many companies to reduce production. Tomato paste production for 2002/03 is forecast at 16,000 tons, down 6 percent compared to the 2001/02 production estimate.

In **Brazil**, the production of tomatoes for processing in 2001 is estimated at 1.24 million tons, due mostly to higher-yielding varieties and few problems with pests. About 70-75 percent of Brazilian production of tomatoes for processing goes into paste and puree, and the remainder into sauces. Output of paste in 2001 is estimated at 130,000 tons, up 18 percent from 2000, due to a 3-percent increase in area planted and higher yields due to fewer problems with pests and diseases. Some producers have begun to shift area from the production of tomatoes into bananas, grapes, mangoes, guavas and other more profitable crops because of the high costs associated with combating disease and the white fly in the Bahia Region.

In **Chile**, planted area and production are projected to drop significantly in 2001 as a result of marketing problems. A substantial reduction in international demand, together with poor economic results last year and bad prospects for next year, have forced the industry to reduce planting contracts significantly. Production of tomatoes for processing in 2001 is estimated at 600,000 tons, down from the 898,000 tons produced in 2000. This decline was due to unfavorable weather conditions during the harvesting season. The bulk of Chile’s tomatoes for processing goes into tomato paste pack, with the remainder slated for canned and tomato sauce production. Output of tomato paste in 2001 is estimated at 74,000 tons, down 26 percent from 2000, due to reduced planting contracts by industry in an effort to improve quality. As the demand for paste has fallen, the industry is reportedly trying to stay in business by reducing quantity while improving quality, hoping to get better prices. Poor economic results during the last season, together with unstable economic conditions of Chile’s main export markets (Argentina, Brazil), have forced the industry to reduce production at all levels. Industry sources have indicated that payments for exports, mainly to Argentina, are uncertain. Chile’s canned tomato production includes whole peeled, crushed peeled and diced tomatoes.

Mediterranean Area

Production of tomatoes for processing in 2001 in the major producing countries in the European Union (EU) is estimated at 8.4 million tons, down slightly from 2000.

France is a minor producer of processed tomato products. The EU threshold for France set in 2001 by the EU under the reformed common market organization for fruits and vegetables amounted to 401,000 tons, i.e., 5 percent of the total EU threshold for tomatoes for processing. Higher quotas exist in Italy, Greece, Spain, and Portugal. Production of tomatoes for processing in France for 2001 has been revised to 298,000 tons, down 5 percent from 2000, due mostly to lower planted area. During the same period, the production of tomatoes for paste was revised to 40,000 tons, down 7 percent from 2000. French production of canned tomatoes in 2001 was also revised to 7,000 tons, down 56 percent from 2000. The downward revisions in paste and canned output were due largely to a decline in fruit delivered to processors. France remains a net importer of both canned tomatoes and tomato paste.

In **Turkey**, production of tomatoes for processing in 2001 is estimated at 1.6 million tons, down slightly from 2000, due mostly to reduced area. Nearly all of Turkey's industrial tomato output goes into paste production. Production of tomato paste in 2001 is estimated at 170,000 tons. Many factors affected production, including financial concerns and weather conditions. After large increases in world production of tomato paste in the past few years accompanied by lower international prices, some local processors have reportedly not been able to pay farmers for last year's crop. As a result, some producers have switched area from tomatoes to other cash crops such as corn, vegetables and wheat, for a better return on their investment. Also, an extremely dry summer shortened the growing season and reduced yields. In addition, high domestic interest rates caused production costs for processors to increase and contributed to their financial strains. Turkish tomato paste exporters are said to have lowered their prices from $600 per ton in 2000 to $570 per ton in 2001. China, with its low-priced tomato paste, is reported to be a strong competitor to Turkish exports in the Asian markets. Japan, Russia, Saudi Arabia, Malaysia, Germany, and Korea were Turkey's leading markets in 2000.

In **Greece**, production of tomatoes for processing in 2001 is estimated at 1 million tons. Approximately 90 percent of the industrial tomato production is slated for production of tomato paste, passata and juice. Estimated output of tomato paste in 2001 has been cut to 152,500 tons, due mainly to a large decline in fruit delivered to processors. The quality of last year's tomatoes varied from good to average. During the same period, production of canned tomatoes is estimated at 24,500 tons, down 34 percent from the previous year, reflecting the large drop in fruit delivered to processors. Extreme weather conditions, including snow storms, frost and low temperatures, during the first week of January 2002 have significantly hurt Greece's agricultural production. Field crops, such as tomatoes for processing, were also affected. The actual impacts and the magnitude of the damage to crops will be recorded by the end of January 2002 by the Agricultural Insurance Fund (ELGA) and the Agency for State of Emergency Planning (PSEA).

In **Spain**, production of tomatoes for processing in 2001 is estimated up 13 percent to 1.6 million tons. The increase was due to a larger area planted and good growing conditions. Good weather conditions during the summer resulted in a very good crop of tomatoes for processing. Under the new Common Agricultural Policy (CAP) of the European Union, subsidies are allocated to farmers instead of to industry. The new system will result in larger production of areas with higher productivity as well as in larger total production of tomatoes for processing. Despite the fact production was higher than the quota, no penalties are expected for calendar year (CY) 2002 since Italian and Portuguese production are expected to be below their quotas. According to several sources, three new processing plants could be built in the next two years in Extremadura, the largest tomato area in Spain.

During this same period, estimated output of canned tomatoes was increased slightly to 219,000 tons, due mostly to larger-than-expected deliveries of fruit to processors. Production of tomato paste has been increased to 190,400 tons, also due to larger deliveries of fruit to processors.

The export of tomato products is expected to rise in CY 2001 due to the strength of the U.S. dollar and higher domestic production in Spain. Strong competition from Moroccan tomatoes is resulting in lower prices for Spanish tomatoes in both the EU and domestic market. About 40 percent of processed tomato production is exported as canned whole tomatoes or tomato concentrate. The bulk of processed exports go to other EU markets, with the Netherlands, Germany, the United Kingdom, and France being the main destinations. Spain exports relatively small amounts of processed tomato products to the United States.

In **Italy**, estimated production of tomatoes for processing in 2001 has been lowered 6 percent to 4.6 million tons, due mainly to low international prices of canned and paste packs. Estimated production of canned tomatoes has been lowered 19 percent to 1.7 million tons, due to decreased deliveries to processors and to a large carry over. Production of tomato paste in Italy in 2001 is estimated at 310,000 tons, down 9 percent from 2000, due to a decrease in deliveries of tomatoes to processors and low international prices. In 2001, exports are expected to account for 100 percent of Italy's total paste pack.

Italy is the EU's largest producer of tomatoes and the second largest in the world. About 50 percent of tomatoes grown for processing are cultivated in southern Italy, mainly in Apulia. Area planted for processing tomatoes increased in response to an increased production quota set by the reform of the EU's Market Organization. According to the newly reformed Market Organization quota, the new production limit for Italy is 4.35 million tons of tomatoes for processing beginning in the 2001/02 marketing year, a 22 percent increase from 2000/01..

In **Portugal**, production of tomatoes for processing in 2001 is estimated at 920,000 tons, up 8 percent from 2000, due mostly to heavy rains in April and May, followed by a period of very dry weather during the growing season. However, despite the difficult beginning of the season, the crop progressed smoothly through the month of October. The 2001/02 crop is considered to have unusually high yields but it is believed that the combination of good weather plus some rains during the whole season contributed to this situation. Crop quality and color is reportedly very good.

Output of processing tomatoes in Portugal consists mainly of tomato paste. Tomato paste production in Portugal in 2001 is estimated at 155,000 tons. Portugal exports the bulk of its tomato paste pack. In

2000/01, exports of tomato paste reached 124,400 tons. The main export market continues to be the rest of the EU, followed by Japan. Sales to the United States are minimal, accounting for only 278 tons of total exports in 2000/01.

In **Israel**, production of tomatoes for processing in 2001 is estimated at 174,000 tons, down 22 percent from 2000, due mainly to reduced area planted caused by extremely dry conditions. Planted area for processing tomatoes is dictated by the quantities processors are willing to receive. Israel is experiencing a severe water crisis and irrigation quotas have been cut by an average of 50 percent throughout most of the country. In regions where profitable tree crops are grown, the area planted to field crops has been cut back significantly in order to provide sufficient water to maintain the health of the trees.

Production of tomato paste is estimated at 20,880 tons. It is becoming increasingly difficult for Israeli processors to compete in international markets. Low cost, large-scale producers such as China are having major impact on Israeli production and exports of processed tomato products. The pressure on the processors affects the size of planted area in Israel. According to trade sources, it is highly unlikely that the planted area in Israel will return to the 300 ton levels of recent years unless processors develop new products or enter into some new niche markets.

Production of canned tomatoes in Israel in 2001 is estimated at 14,400 tons, down 19 percent from the previous year, due mainly to fewer deliveries to processors. The existence of surplus supplies of tomato products in the international market led processors to contract for fewer tomatoes in 2001. Israel exports the bulk of its canned tomatoes and tomato paste output.

(***The FAS Attache Report search engine contains reports on Tomatoes and Tomato Products industries for more than 10 countries, including the United states, Italy, France and Chile. For information on production and trade, contact Erik Hansen at 202-720-0875. For information on marketing contact Elizabeth Mello at 202-720-9903. Also, please visit the processed vegetables commodity page: http://www.fas.usda.gov/htp/horticulture/Proc_Veg.html for the latest information on processed tomato products.***)

Table 1: Production of Processing Tomatoes in Selected Countries

Region/ Country	1996	1997	1998	1999	2000	2001
			Thousand Metric Tons			
North America						
United States 1/	10,350	9,047	8,523	11,645	9,632	8,552
Mexico	250	300	290	190	156	136
Total	10,600	9,347	8,813	11,835	9,788	8,688
South America						
Brazil	1,000	950	1,225	1,245	1,200	1,240
Chile	962	912	950	950	898	600
Total	1,962	1,862	2,175	2,195	2,098	1,840
Western Mediterranean						
Italy	4,150	3,520	4,372	4,900	4,810	4,600
Greece	1,350	1,245	1,325	1,350	1,150	1,000
Spain	1,254	981	1,336	1,687	1,382	1,566
Portugal	905	772	988	997	855	920
France	284	286	327	364	314	298
Total	7,943	6,804	8,348	9,298	8,511	8,384
Eastern Mediterranean						
Turkey	1,850	1,080	2,050	2,050	1,700	1,550
Israel	256	176	267	307	223	174
Total	2,106	1,256	2,317	2,357	1,923	1,724
Total Mediterranean	10,049	8,060	10,665	11,655	10,434	10,108
Grand Total	**21,706**	**19,269**	**21,365**	**24,230**	**22,320**	**20,636**

Source: U.S. Agricultural Attache Reports, FAS, USDA.

1/ Production data for 2001 is based on contracts.

Table 2: Canned Tomatoes 1/
Production, Supply and Distribution in Selected Countries

Marketing Year 2/	Beginning Stocks	Production	Imports	Supply Distribution	Exports	Domestic Consumption	Ending Stocks
				Metric Tons			
Brazil							
1999/2000	2,855	2,150	4,675	9,680	165	8,660	855
2000/2001	855	2,300	6,000	9,155	195	8,600	360
2001/2002	360	2,600	6,200	9,160	200	8,750	210
Chile							
1999/2000	1,107	8,000	0	9,107	5,733	3,300	74
2000/2001	74	6,000	0	6,074	1,972	3,300	802
2001/2002	802	5,900	0	6,702	2,850	3,400	452
France							
1999/2000	9,937	21,600	83,322	114,859	5,140	100,000	9,719
2000/2001	9,719	16,030	88,629	114,378	5,894	100,000	8,484
2001/2002	8,484	7,000	93,000	108,484	4,000	100,000	4,484
Greece							
1999/2000	1,999	31,800	16,000	49,799	16,000	32,000	1,799
2000/2001	1,799	36,900	14,000	52,699	18,000	32,500	2,199
2001/2002	2,199	24,500	18,000	44,699	12,000	32,500	199
Israel							
1999/2000	3,640	24,865	200	28,705	12,500	8,100	8,105
2000/2001	8,105	17,824	280	26,209	14,000	8,400	3,809
2001/2002	3,809	14,400	300	18,509	8,509	8,500	1,500
Italy							
1999/2000	113,000	1,984,000	15,000	2,112,000	805,000	890,000	417,000
2000/2001	417,000	1,888,000	12,000	2,317,000	900,000	900,000	517,000
2001/2002	517,000	1,700,000	10,000	2,227,000	900,000	920,000	407,000
Spain							
1999/2000	200	232,000	1,830	234,030	57,369	156,661	20,000
2000/2001	20,000	195,623	2,817	218,440	54,548	158,000	5,892
2001/2002	5,892	219,000	2,500	227,392	55,000	162,000	10,392
Total							
1999/2000	132,738	2,304,415	121,027	2,558,180	901,907	1,198,721	457,552
2000/2001	457,552	2,162,677	123,726	2,743,955	994,609	1,210,800	538,546
2001/2002	538,546	1,973,400	130,000	2,641,946	982,559	1,235,150	424,237

Source: U.S. Agricultural Attache Reports, FAS/USDA

1/ Includes whole peeled, and/or wedged, diced, crushed, and other non-concentrated products.

2/ Marketing Years are July-June with the exception of France's which is August-July, and Brazil' which is May-April.

Table 3: Tomato Paste

Production, Supply and Distribution in Selected Countries, Metric Tons

Marketing Year 1/	Beginning Stocks	Production	Imports	Supply Distribution	Exports	Domestic Consumption	Ending Stocks
Brazil							
1999/2000	17,449	110,000	500	127,949	1,000	125,350	1,599
2000/2001	1,599	130,000	400	131,999	1,000	126,500	4,499
2001/2002	4,499	130,000	400	134,899	1,000	127,500	6,399
Chile							
1999/2000	1,363	102,000	0	103,363	87,584	11,680	4,099
2000/2001	4,099	100,000	0	104,099	91,000	11,680	1,419
2001/2002	1,419	74,000	0	75,419	62,000	11,710	1,709
France							
1999/2000	6,444	48,100	83,713	138,257	8,613	91,000	38,644
2000/2001	38,644	43,000	84,177	165,821	5,992	94,000	65,829
2001/2002	65,829	40,000	80,000	185,829	10,000	98,000	77,829
Greece							
1999/2000	4,000	203,000	4,000	211,000	152,500	15,500	43,000
2000/2001	43,000	180,000	3,500	226,500	190,000	15,500	21,000
2001/2002	21,000	152,500	4,500	178,000	155,000	15,500	7,500
Israel							
1999/2000	1,500	35,300	0	36,800	13,980	13,400	9,420
2000/2001	9,420	25,510	0	34,930	16,431	13,650	4,849
2001/2002	4,849	20,880	0	25,729	12,229	12,000	1,500
Italy							
1999/2000	118,000	370,000	56,000	544,000	310,000	74,000	160,000
2000/2001	160,000	340,000	65,000	565,000	350,000	74,000	141,000
2001/2002	141,000	310,000	65,000	516,000	350,000	74,000	92,000
Mexico							
1999/2000	0	50,700	10,693	61,393	23,645	37,748	0
2000/2001	0	21,000	17,183	38,183	7,176	31,007	0
2001/2002	0	17,000	17,000	34,000	6,000	28,000	0
Portugal							
1999/2000	25,000	170,471	0	195,471	122,700	45,121	27,650
2000/2001	27,650	155,955	0	183,605	135,000	38,605	10,000
2001/2002	10,000	160,000	0	170,000	130,000	35,000	5,000
Spain							
1999/2000	9,400	191,400	8,100	208,900	60,000	128,000	20,900
2000/2001	20,900	169,718	15,058	205,676	75,967	126,000	3,709
2001/2002	3,709	190,400	20,000	214,109	77,000	128,000	9,109
Turkey							
1999/2000	9,673	320,000	0	329,673	190,638	114,000	25,035
2000/2001	25,035	265,000	0	290,035	134,914	117,000	38,121
2001/2002	38,121	170,000	0	208,121	100,000	105,000	3,121
Grand Total							
1999/2000	191,466	1,498,971	163,006	1,853,443	883,076	644,119	326,248
2000/2001	326,248	1,330,183	185,318	1,841,749	916,480	636,262	289,007
2001/2002	289,007	1,190,780	186,900	1,666,687	841,229	623,000	202,458

Source: U.S. Agricultural Attache Reports, FAS/USDA. 1/ Marketing Year (July-June), with the exception of France (August-July), Brazil (May-April), Mexico (March-February), and Turkey (September-August).
2/ 28-30 Percent TSS Basis.

Table 4: United States Exports

Canned Tomatoes, Ketchup, Tomato Paste/Puree, and Tomato Sauce 1/

Commodity/ Destination	1996/97	1997/98	1998/99	1999/00	2000/01
		Metric Tons			
Canned Tomatoes:					
Canada	22,909	24,320	20,736	28,052	30,661
Japan	11,271	6,293	13,055	10,916	2,400
Korea; Republic of	2,181	382	1,431	776	777
Mexico	1,052	1,947	955	1,512	3,429
Other	8,318	4,655	3,101	4,689	9,942
Total	45,731	37,597	39,278	45,945	47,209
Ketchup:					
Japan	9,844	9,390	8,861	6,283	5,997
Canada	4,890	6,771	5,148	5,879	8,405
Mexico	4,842	4,223	4,201	7,186	7,129
Brazil	430	417	4,035	909	71
Hong Kong	4,641	3,458	3,474	3,567	2,475
Israel	638	1,371	2,171	1,295	2,020
United Kingdom	1,790	334	1,725	1,651	286
Netherlands Antilles	788	649	969	597	502
Saudi Arabia	1,230	1,240	923	1,156	1,015
Other	11,394	12,455	13,102	9,714	9,223
Total	40,487	40,308	44,609	38,237	37,123
Tomato Paste:					
Canada	50,160	46,171	41,556	46,097	47,701
Japan	10,168	14,340	7,455	10,274	16,748
Dominican Republic	2,963	116	6,891	77	901
Korea; Republic of	7,502	10,634	5,472	6,465	7,989
Philippines	2,456	5,804	4,623	4,288	508
Mexico	5,195	5,307	3,768	7,188	12,670
Taiwan	1,239	1,839	2,058	1,819	823
Hong Kong	1,313	1,313	1,428	1,061	1,466
Haiti	3,631	3,247	1,183	2,097	536
Other	44,567	47,054	3,353	10,458	8,307
Total	129,194	135,825	77,787	89,824	97,649
Tomato Sauce:					
Canada	52,721	63,686	71,206	69,465	66,642
Mexico	4,054	5,757	6,303	6,287	10,640
Japan	4,773	4,265	3,278	3,809	6,078
Saudi Arabia	954	1,441	1,917	806	1,305
Korea; Republic of	777	1,840	1,734	2,617	1,765
United Kingdom	1,776	1,586	1,489	3,711	4,345
Netherlands	1,243	1,250	1,201	1,525	1,266
Sweden	1,040	1,324	1,015	1,409	1,341
Israel	196	930	709	2,251	1,401
Guatemala	50	91	703	1,809	1,667
Other	8,920	10,101	8,797	12,546	15,887
Total	76,504	92,271	98,352	106,235	112,337

Source: U.S. Department of Commerce, Bureau of the Census. 1/ Marketing Year (July-June).

Table 5: United States Imports
Canned Tomatoes, Ketchup, Paste/Puree, and Sauce 1/

Commodity/ Origin	1996/97	1997/98	1998/99	1999/00	2000/01
			Metric Tons		
Canned Tomatoes:					
Italy	44,155	50,134	41,800	4,260	2,940
Israel	5,339	6,729	11,206	5,641	1,190
Canada	7,057	6,142	10,190	2,861	2,846
Spain	7,092	8,351	6,690	2,248	1,035
Chile	4,431	2,554	3,657	542	725
Turkey	1,111	515	141	321	41
Other	2,087	2,266	977	1,182	2,408
Total	71,272	76,691	74,661	17,055	11,185
Ketchup:					
Canada	17,097	31,786	38,747	37,871	39,207
China; Peoples Republic of	0	0	222	380	402
Hong Kong	1	0	45	0	9
India	12	17	16	13	31
Japan	0	0	16	0	0
Other	22	11	15	50	78
Total	17,132	31,814	39,061	38,314	39,727
Tomato Paste:					
Chile	667	492	27,302	2,347	669
Mexico	7,381	8,411	22,815	6,884	3,509
Peru	654	0	5,948	1,238	795
Israel	4,440	1,180	4,722	6,735	2,214
Italy	509	426	4,657	175	729
China; Peoples Republic of	0	0	4,265	3,361	6,282
Canada	387	149	1,635	96	14
Portugal	0	8	1,295	0	0
Turkey	214	63	1,282	324	342
Other	180	270	2,113	64	288
Total	14,432	10,999	76,034	21,224	14,842
Tomato Sauce:					
Canada	4,976	5,385	5,636	6,037	7,741
France	0	0	3,016	0	0
Portugal	6	6	1,108	0	3
Dominican Republic	1,641	1,266	902	1,848	3,191
Italy	504	822	674	1,086	1,715
Mexico	254	69	560	3,210	2,915
Other	269	327	589	381	343
Total	7,650	7,875	12,485	12,562	15,908

Source: U.S. Department of Commerce, Bureau of the Census. 1/ Marketing Year (July-June).