



WORLD MARKETS AND TRADE: FRESH TOMATOES

July 2009

FRESH TOMATO TRADE IS GROWING

SUMMARY

World fresh tomato trade is expanding but key suppliers are primarily shipping to neighboring countries due to freight and tariff advantages, as well as long-term relations.

Mexico, the World's Largest Exporter, Primarily Ships to the U.S.

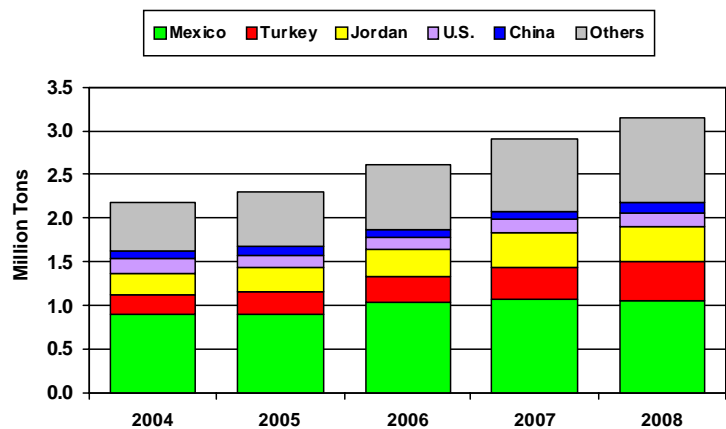
There is significant two-way trade between the United States and Mexico due to the shared border and zero tariffs under the North American Free Trade Agreement (NAFTA). From 2004-2008, Mexican exports to the United States expanded from 900,000 tons to 1 million tons. Almost 99 percent are exported to the United States, and are expected to increase slightly in 2009 as the Mexican peso weakens and prices become more favorable.

A new Tomato Suspension Agreement between Mexico and the United States was signed in January 2008, and binds virtually all Mexican exporters to sell in the United States at or above the applicable reference price. The reference price for exporting fresh tomatoes for the summer season (July 1-October 22) is 17.2 cents per pound, and the reference price for the winter season (October 23-June 30) is 21.69 cents per pound. Due to a tomato glut in early 2009, prices dropped but were still well above the reference price.

Turkey Exports to Russia Strong in 2009

Turkey mainly ships to Russia and Eastern Europe. Turkey's total exports reached 335,000 tons in the first five months of 2009, up 20 percent over same period last year. The bulk of exports

**World Fresh Tomato Trade
Grew 45 Percent Over the Last 5 Years**



are shipped during the first several months of the year. Based on this, Turkey's exports are expected to be strong in 2009.

Jordan Ships Primarily to the Middle Eastern Region

Jordan, the world's third largest exporter, ships mainly to other Middle Eastern countries. For the first four months of 2009, Jordan exported over 190,000 tons, up 13 percent from the same period last year because of rising demand from Iraq, its top export market. Jordan's exports to Iraq have been slowly rising, while falling to the United Arab Emirates and Syria.

China Continues to Expand

China continues to expand tomato production, processing capacity, and exports. In 2009, total tomato production is forecast at a record 39.5 million tons, as a result of the rise in tomato production for processing. The majority of China's tomatoes for processing is expected to be used for paste. Strong tomato returns encouraged some cotton farmers (another major Chinese cash crop) to shift to tomatoes in the new season.

China's largest export market is Russia, accounting for over 70 percent of the total. From January-May 2009, China's exports to the world jumped 10 percent to 23,000 tons, due largely to growing demand from Hong Kong, Vietnam, and Kazakhstan. In contrast, exports to Russia fell 12 percent to 35,000 over this same period.

Brazil and Chile are Small Players

Brazil and Chile consume most of what they produce, leaving little for export. Brazil's exports tumbled 80 percent in 2008, mainly because of difficulties in obtaining Certifications of Phytosanitary Origin. In 2009, its exports will likely remain low after poor weather reduced production and caused prices to spike.

Chile's exports are forecast to remain about the same in 2009 due mainly to stable demand by Argentina, its main export market, and lower prices resulting from expanding production.

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