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Turkey

Tomatoes and Products

Annual

2007

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Report Highlights:
Total tomato production in MY 2007 is expected to surpass MY 2005 and MY 2006 levels and reach 10.8 MMT. Fresh tomato and industrial tomato production decreased slightly in MY 2006 to 9.85 MMT and this led to a decrease in tomato paste production. The situation, however, is expected to change in MY 2007 as the industrial tomato production is estimated to increase about 20 percent to 2 MMT. Russia became one of the significant export markets for both tomato paste and fresh tomatoes and is expected to continue to be a major importer in MY 2007.

Includes PSD Changes: No
Includes Trade Matrix: No
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Ankara [TU1]
[TU]

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Executive Summary

Tomato production accounts for approximately 38 percent of all vegetable production in Turkey. Due to advantageous weather and geographical conditions, Turkey is a very significant fresh fruit and vegetable producer in the world. Industrial tomatoes are mainly grown in the provinces of Balikesir, Bursa, Manisa and Canakkale of the Aegean and Marmara regions.

In marketing year (MY) 2007, Turkey is expected to surpass both MY 2005 (10 MMT) and MY 2006 (9.8 MMT) levels and reach 10.8 MMT in MY 2007. Traditionally out of this total, approximately 20 percent is utilized in the processing sector and the rest for fresh consumption. There has been an increase in the varieties of processed tomato products in recent years. Currently, approximately 85 percent of all industrial tomatoes are used to make tomato paste and the rest is used for other processed products.

Fresh tomato exports increased about seven percent and reached 267,000 MT in MY 2006. Russia, Romania and Saudi Arabia continue to be the major destinations for Turkish fresh tomatoes. Tomato paste exports, however, did not do so well in MY 2006 as they dropped 24 percent to 108,000 MT. In MY 2007, however, tomato paste exports are expected to increase as a result of the predicted increase in industrial tomato production domestically.

Production

Tomato production accounts for approximately 38 percent of all vegetable production in Turkey. Due to advantageous weather and geographical conditions, Turkey is a very significant fresh fruit and vegetable producer. Turkey ranks fourth in industrial tomato production in the world. Approximately 20 percent of all tomato production is processed to produce products such as tomato paste, tomato juice, ketchup, tomato puree and chopped tomatoes. In the past, almost 95 percent of industrial tomato production was used to produce tomato paste but different processed product varieties increased over the years and currently about 85 percent of industrial tomato production is used for tomato paste production and the rest is used for other products. The tomato paste sector is the leading sector for processed fruit and vegetable exports.

Due to favorable weather conditions, tomatoes can be grown throughout Turkey. Tomatoes for industrial use, however, are grown mainly the provinces of Balikesir, Bursa, Manisa and Canakkale of the Aegean and Marmara regions. As a result of the high concentration of production in these regions, tomato processing facilities are also found there. The Mediterranean region mostly focuses on production of tomatoes in the greenhouses for fresh consumption.

The Turkish government took measures in order to improve modern food processing facilities in the late 1960s and modern tomato paste producing facilities began to be established in Turkey in 1968. The total production capacity of tomato paste in Turkey is over 600,000 MT.

The tomato paste sector has taken on a significant role in the improvement of contracted farming in Turkey. In the past, almost all of the production was done through contracted farming with the farmers. This, however, changed over the years and today only about 50 percent of the production is through contracted farming. The major reason for the change was economical as contracted farming is riskier for the processors.

In MY 2006, Turkish industrial tomato production dropped significantly to 1.6 MMT and industrial tomatoes used for tomato paste dropped to 1.3 MMT from 1.7 MMT. The major reason for the decrease was the unwillingness of Turkish farmers to produce industrial tomatoes due to low prices offered by the processors. The Turkish tomato paste sector has been having problems in the recent years, such as the increasing tomato paste production in China, competition with subsidized European processors and the over-valued New Turkish Lira. All of these factors affected both producers and processors in the paste sector. Industrial tomato production for tomato paste use is expected to rise past MY 2005 levels and rebound to 1.8 MMT in MY 2007.

Industry contacts expect that total tomato production will also surpass both MY 2005 (10 MMT) and MY 2006 (9.8 MMT) levels and reach 10.8 MMT in MY 2007. Out of this total, approximately 20 percent will be industrial tomato production. It is expected that in MY 2007 industrial tomato production will be 2 MMT. Currently, industrial tomato planting is almost complete in most regions. If the weather conditions permit, 2007 will be a good season for tomato production. Currently, there is drought in some regions of Turkey but tomato production is not expected to be affected by the drought.

Tomato production is labor intensive and the bulk of production occurs on small, family farms. Therefore, the processors take the lead in providing seed and more than 50 percent of varieties are hybrids. There is a wide range of varieties grown in Turkey. The Ministry of Agriculture and Rural Affairs approved approximately four hundred fresh tomato seed varieties and sixty industrial seed varieties. Sabrina, Dalmone, Gigante and Fantastic 144 are some of the leading fresh varieties and New Crimson, Delicious Red, Bonanza and Rio

Grande are among the leading industrial varieties. Processors also supply fertilizers, provide advance payments and pesticides when necessary.*

Tomato planting is mainly done by hand. Farmers have their own nurseries. Seedlings begin to grow around mid-March and are transplanted after the frost season passes. Most of the harvesting is still done manually and there could be up to three pickings in the same field. Depending on the weather conditions, hand picking can extend the harvest until early October. The mechanization of tomato harvesting is a new development in the sector. In MY 2006, the farmers had problems with the seasonal workers, which contributed to an increase use of harvesting machinery. In MY 2007, five to ten percent of production is expected to be machine picked and this is expected to increase slowly in the coming years as well.

This marketing year the processors are going to offer YTL 0.1 per kilogram of industrial tomatoes delivered to the factory. For MY 2006, industrial tomato processors offered YTL 0.08- 0.1 per kilogram delivered to the factory. The price offered to farmers remained the same in MY 2005 and MY 2006 despite the eight percent annual inflation rate.

Table-1: Production, Supply and Demand Table for Tomato Paste (28-30% TSS Basis)

Turkey Tomato Paste,28-30% TSS Basis (MT)(MT, Net Weight)									
	2005	**Revised**		**2006**	**Estimate**		**2007**	**Forecast**	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		09/2005	09/2005		09/2006	09/2006		09/2007	09/2007
Deliv. To Processors	1700000	1700000	1700000	1500000	1500000	1300000	0	0	1800000
Beginning Stocks	13756	13756	13756	8756	8756	8756	3756	3756	3756
Production	270000	270000	270000	250000	250000	215000	0	0	300000
Imports	0	0	0	0	0	0	0	0	0
Total Supply	283756	283756	283756	258756	258756	223756	3756	3756	303756
Exports	160000	160000	160000	140000	140000	107790	0	0	163756
Domestic Consumption	115000	115000	115000	115000	115000	112210	0	0	130000
Ending Stocks	8756	8756	8756	3756	3756	3756	0	0	10000
Total Distribution	283756	283756	283756	258756	258756	223756	0	0	283000

Consumption

The current status of the sown fields and the weather conditions indicate that fresh tomato production is going to increase in MY 2007. Traditionally, fresh tomato production accounts for approximately 80 percent of total tomato production in Turkey and the rest is utilized in the processing sector. Of the 20 percent of the crop that is processed, 85 percent is used to produce tomato paste, 10 percent is utilized for canned tomatoes and the remainder is used for ketchup, tomato juice, dried tomatoes and other products.

* Information is from: www.amitom.org

Tomato paste is a very significant part of the Turkish cuisine as many dishes are prepared with tomato paste. In addition to the tomato paste brands that are sold in the supermarkets, villagers also make their own paste and market it domestically but it is a very insignificant amount. Industry contacts state that each year approximately 120,000 MT of total tomato paste production is consumed domestically. Almost all of the tomato paste-producing companies are privately owned. Their processing capacity is estimated to be close to 550,000 MT of paste. Turkey's actual production capacity mostly depends on customer potential and competition from abroad. In MY 2006, only about 40 percent of the capacity was utilized but it is expected to increase slightly in MY 2007.

There are about 30 processing firms which have about 45 facilities throughout Turkey. Most of the facilities are equipped with high technology equipment. Out of the total, there are about four to five large companies.

Table-2: Production, Supply and Demand Table for Fresh Tomatoes

Turkey
Fresh Tomatoes
(HA)(MT)

	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2005	01/2005		01/2005	01/2005
Plant For Fresh Consump	0	157300	138130	0	163000	136938	0	0	150000
Plant For Processing	0	36700	62986	0	35000	56972	0	0	64000
Total Area Planted	0	194000	201116	0	198000	193910	0	0	214000
Harv. For Fresh Cons.	0	163500	138130	0	163000	136938	0	0	150000
Harv. For Processing	0	37200	62986	0	35000	56972	0	0	64000
Total Area Harvested	0	200700	201116	0	198000	193910	0	0	214000
Fresh Sale Production	0	8190000	8350000	0	8150000	8205000	0	0	8800000
Processing Production	0	1860000	1700000	0	1750000	1650000	0	0	2000000
Total Production	0	10050000	10050000	0	9900000	9855000	0	0	10800000
Total Supply	0	10050000	10050000	0	9900000	9855000	0	0	10800000

Trade

In MY 2006, Russia, Romania and Saudi Arabia continued to be the major export markets for Turkish fresh tomatoes. Fresh tomato exports increased seven percent from 250,000 MT in 2005 to 267,000 MT in MY 2006. Out of the total, 162,000 MT were exported to Russia. Fresh tomato exports are expected to increase in MY 2007 as well.

Official export figures for tomato paste are not available due to a policy change of the Turkish Statistical Council (TUIK). Post utilized the available total export figures from private sources for the PSD and the export trade matrix. The trade statistics collected by General Secretariat of Uludag Exporters' Union are sorted by calendar year basis. According to these statistics, total tomato paste exports dropped from CY (calendar year) 2005 levels of 142,000 MT to

108,000 MT in CY 2006. Japan, Iraq and Saudi Arabia were the leading export markets for tomato paste in CY 2006 as well as in CY2005. Russia rose again as one of the export destinations for Turkish tomato paste in 2006 and it is expected to remain a leading market in 2007 as well.

Since 1997, Turkey has not permitted tariff rate quota for meat imports from the European Union (E.U.) in accordance with the mutual agricultural trade concessions agreement and in return, the E.U. is not allowing Turkey to utilize its 30,000 MT tariff rate export quota for tomato paste. Out-of-quota exports to E.U. are subject to 14.4 percent duty.

Table-3: Export statistics for Tomato Paste*

Export Trade Matrix

Turkey
Tomato Paste, 28-30% TSS Basis

Time Period	Jan/Dec	Units:	MT
Exports for:	*2005*		*2006*
U.S.	370	U.S.	918
Others		Others	
Iraq	27023	Japan	21020
Japan	23151	Iraq	18947
Saudi Arabia	14432	Saudi Arabia	9574
Algeria	10418	Russia	7678
Russia	13546	Algeria	6361
Germany	5988	Oman	5539
Sudan	4995	Sudan	3940
Oman	4635	Kuwait	2613
Romania	4277	Georgia	2518
Mersin Free Trade Zone	2083	Malaysia	2401
Total for Others	110548		80591
Others not Listed	31709		26281
Grand Total	**142,627**		**107,790**

* Data acquired from General Secretariat of Uludag Exporters' Unions

Table-4: Export statistics for Fresh Tomatoes*

Export Trade Matrix Turkey Fresh Tomatoes			
Time Period	**Jan/Dec**	**Units:**	**MT**
Exports for:	***2005***		***2006***
U.S.	0	U.S.	
Others		Others	
Russia	100258	Russia	162346
Romania	28070	Romania	18477
Saudi Arabia	22964	Saudi Arabia	17116
Moldova	10818	Moldova	14563
Bosnia Herze.	10062	Bosnia- Herze.	9290
Serbia-Blackm.	9342	Belarus	5426
Germany	7002	Bulgaria	5009
Belarus	6064	Greece	4131
Greece	5397	Germany	3568
Slovenia	4991	Hungary	3316
Total for Others	204968		243242
Others not Listed	45214		23699
Grand Total	**250182**		**266941**

Stocks

There are no official statistics on stocks for tomato and tomato products. Industry sources stated that the 2005 marketing year-end stocks were at about 8,000 MT and have gone down further in 2006. In 2007, the stocks are expected to rise back to MY 2005 levels.

Policy

The Agricultural Bank of Turkey (Ziraat Bank) is no longer able to provide subsidized loans to agricultural producers and the government does not support prices or otherwise assist tomato production. All production and domestic and international marketing is handled by the private sector. The government indirectly supports tomato paste exports through a form of tax deduction of US $68 per ton. If tomato paste is produced under a contract with farmers, the government adds an additional 40 percent (USD $26), 32 percent of which is given to the farmers and 8 percent to the processors.

* Data acquired from Turkish Statistics Council (TUIK)

According to the new Wholesalers Law, which went into effect on May 23, 2007, fresh tomatoes must pass through wholesalers in the city where the product is produced and also in the city where it will be sold and in each place an additional tax must be paid. The retailers are disappointed with the new law as these added steps will increase the retail price and the products would be damaged further due to this prolonged transportation process.

Import Policy

The Turkish 2007 import regime did not change the import tax levels for fresh tomatoes and paste. Accordingly, fresh tomato and tomato paste imports are subject to 48.6 and 135.9 percent import taxes, respectively.