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Greece

Tomatoes and Products

Annual

2005

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Report Highlights:
At 2,047,000 tons, Greece's 2004/05 industrial and table tomato production is significantly higher than 2003 output. Industrial production is estimated this year at 1,187,000 tons. Fresh tomato production is estimated at 860,500 tons. Use of tomatoes for paste is estimated at 1,087,000 tons for 2005/05. Chinese competition is affecting sales of Greek processed tomato products in EU and third country markets.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Production

SECTION I. SITUATION AND OUTLOOK

Total 2004 Greek tomato production for both table and industrial (processed) uses, is now estimated at 2,047,000 T, significantly more than the 2003 output of 1,340,000 T. Total industrial tomato production in MY 2004/05 is reported to be 1,187,000 MT, a significant recovery after the 2003 crop due to favorable weather conditions. However, for the fifth consecutive year, Greece did not succeed in reaching the EU imposed national industrial tomato quota of 1,211,241 T. Fresh tomato production produced under cover and outdoors for 2004, is reported at 860,500 MT, used only as fresh. Of this amount of table varieties, 300,000 MT are produced under cover in acreage of 3,500 Hectares around the country. Industrial tomato utilization in 2004 is reported at 1,087,000 MT for tomato paste, another 60,000 for canned tomatoes and the remaining amount of approximately 40,000 MT was either sold in the fresh market, used on-farm, loss or wasted, or went to other products (pulp, passata, pizza sauce). Note: passata is an Italian term meaning strained, peeled tomatoes.

Although weather conditions especially in the key month of April, have been good in Greece, and foretell a good crop, the target this year is for a reduced industrial tomato harvest, which is expected at much lower levels than 2004 production, after a smaller area was deliberately planted. An amount of 900,000 – 950,000 MT will be harvested this year, after the large stocks left over from the previous marketing seasons (MYs 2003/2004 and 2004/2005) with the domestic tomato processing industry facing stiff competition from cheap tomato paste imports into the EU, mainly from China. Contracts signed between farmers and processors are for fewer amounts to be grown, in an attempt to reduce output and stocks, which are significantly increased in the past two marketing periods.
While official forecasts for the 2005 crop output are still not available, the indications are that the total tomato output this year will be close to 1,800,000 MT, significantly lower than 2004 crop (fresh and industrial).

With the canned tomato products the situation is less dramatic due to stable domestic demand, which shows an upward trend in recent years, although exports are adversely impacted from the developments in Europe after massive imports of cheaper products. These developments are expected to negatively affect the processed tomato industry of Greece in the future. A number of small national tomato paste processing plants have closed down, while the others operate at reduced capacity and are faced with large stocks.

Greek tomato paste exports in CY 2004 show a drop of about 17 percent compared to those amounts in CY 2003.

SECTION II. SUPPLY AND DEMAND, POLICY AND MARKETING PRODUCTION

Production of Processed tomatoes

The major production limitations for the cultivation of tomatoes for processing in Greece are a low average yield (estimated at 60 MT/ha) and the quantity of acreage in small plots (approximately 2 hectares per family). The majority of tomato farmers are forced to cultivate supplementary crops in order to survive. These fields are all irrigated and in the past two years in agreement with the processing industry, farmers decided to devote some of their acreage to other crops (field melons and green vegetables, corn and even irrigated durum wheat) in order to supplement their income. In 2003, there was a slight increase in industrial tomato acreage, which was considered as an alternative crop mainly to cotton cultivation. However, in 2004 and 2005 tomato acreage is no longer an alternative crop, even though the EU production quota allows for more industrial tomato plantings. The quality of Greek fresh tomatoes channelled to processing but cultivated under adverse weather conditions (wet seasons) is not satisfactory and results in low yields of tomato paste (28-30 TSS basis). In a favourable year, yields of tomato for paste range from only 5.5- 6.0 kg to produce 1 kg of tomato paste. Reportedly, in 2004, better weather has positively affected both the quantity and the quality of tomato production (both fresh and industrial), leading to better processed products with higher Brix juice concentration levels (between 5.0 – 5.5 degrees, compared to 4.0 – 4.2 degrees a year earlier) and better color.

Prices

In spring 2004, prices of fresh table tomatoes at the Athens central market were between €1.47 – €1.80/kg. at the beginning of the season. This spring (2005) these prices are reported to be 5-7 % higher than 2004, which are much higher than usual as the wholesale profit margin continues to be extremely high and difficult for the Ministry of Commerce and Market Police to control. While in some tomato producing regions in the south of Greece the farm price for table tomatoes is estimated at €0.33 – 0.35 per kg, the final consumer price has fluctuated between €1.80 - €2.40 per kg. in periods of shortage. Sometimes prices have spiked higher than this.

The Greek tomato industry, which has a good reputation in the international market due to the high quality and reliability of its processed tomato products, continues to be a significant asset for Greek agriculture, although as described elsewhere, its future is unpredictable due to price competition from similar products available from outside the EU. In 2004, the industry paid Greek growers €0.05 - €0.06 per kg for tomatoes delivered to processing plants. China offers strong price competition. Chinese grower prices are estimated below €0.03 per kg. This difference depicts the low production cost of the Chinese tomato industry. Reportedly, May 2005 retail prices in the Greek super markets for tomato products, were between €0.69-€1.12 (400 gr net weight) for tomato paste and €0.53-€1.12 (400 gr net weight) for canned products (whole, crushed, chopped and diced).

Consumption of processed tomatoes

Annual domestic consumption of canned tomatoes is estimated to be between 30,000-40,000 MT net weight and between 14,000-18,000 MT for tomato paste. Greek consumers show a preference for canned tomato products, based particularly on the fact that these products contain whole or sliced tomatoes, preferred over tomato paste. A 30 percent increase in domestic consumption of processed tomato products has been reported for MY 2004/05, mostly due to increased demand in the summer of 2004 during the Athens 2004 Olympics.

Stocks

According to industry sources, ending stocks of tomato paste and canned tomatoes in 2004/05 will be at disappointing levels of 48,000 MT and 11,300 MT, respectively. Normally, stocks are exhausted late in the calendar year, but for this year stocks remain high. Chinese tomato paste is sold to the EU at prices of $ US 400 – 430/MT which almost equal the cost of production of the Greek paste. In 2005/06, ending stocks would have increased even more had 2005 acreage planted remained at former levels. In fact, stocks have increased due to the low quality of industrial tomatoes in the previous crop (2003) because processors were not able to market their tomato product stocks (canned tomatoes or tomato paste) and it remained after June 30, 2004. Canned tomato products from the 2004 harvest which was of much better quality were preferred to those of 2003. According to the trade, processors have negotiated discounted sales with their exporters, in an attempt to reduce stocks. However the competition is stiff in the European markets (EU absorb over 90 percent of the exported Greek tomato paste annually), where quality is sometimes not as important as price.

Trade

Although exports of processed tomato products declined in 2004, Greece continued to export large quantities of tomato paste and canned products to the United Kingdom, the Netherlands and Italy. Official exports in CY 2004 are projected at 64,357 MT of tomato paste valued at $ US 44 million ($ US 76.9 million in CY 2003) at prices fluctuating between $ US 650 – 685/ton (FOB basis) and 25,244 MT of canned tomatoes valued at $ US 11.4 million ($ US 20.6 million in CY 2003) at export prices ranging from $ US 440 – 455/ton (FOB basis). Tomato Processors report that through a slight reduction of prices and measures taken in the EU to protect European products from "unfair" competition, Greek exports can recover gradually and stocks can be kept at manageable levels, coupled with reduced acreage cultivated to industrial tomatoes. Processors also report that the "unfair" competition in the international markets has seriously affected export values of products sold from Greece and other European countries. Greece has already lost many traditional export markets in Eastern Europe mostly in Estonia, Hungary and Bulgaria. Export prices of good quality Greek Tomato paste in the late 90s (1998 and 1999) were between $ US 750 – $1,000/ton.

According to industry sources, Chinese processors have offered large volumes of bulk-packaged paste for repackaging to produce retail size products. At present, Greek processors are not taking advantage of this offer.

The international demand for canned tomato products (other than tomato paste) has encouraged Greek processors to adjust their facilities in order to satisfy those changes. The EU Third Support Framework for Agriculture Restructured Plans for Countryside Development 2000-2006 has already contributed to the modernization of production lines, although the modernization does not affect the total capacity of the plant. However, competition and the high cost of equipment discourage Greek industry from investing in the sector and producing canned products in larger quantities in the future.

Policy

Many EU countries, including Greece are pressuring the European Union and taking measures to protect tomato production in Europe. These measures are part of the EU support and solidarity strategy to protect the interests of its members without breaching the World Trade Organization rules. Last year, the Greek Tomato Canned Association has prepared a report to the EU to present their views on this issue. They cooperate mostly with similar associations in Spain and Portugal. According to the Greek Canner Association, the implementation of more strict inspections on Third Country tomato products, set by an EU policy, will contribute significantly to protection of the European tomato products. In this effort, tomato processors receive full support by the Greek government.

PS&D Table, Canned Tomatoes

PSD Table

Country Greece

Commodity Tomatoes, Canned (MT)(MT, Net Weight)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		07/2003		07/2004		07/2005	MM/YYYY
Deliv. To Processors	40000	40000	60000	60000	0	50000	(MT)
Beginning Stocks	4247	4247	4747	4747	11247	11247	(MT, Net Weight)
Production	33000	33000	50000	50000	0	41500	(MT, Net Weight)
Imports	11000	11000	12000	12000	0	9000	(MT, Net Weight)
TOTAL SUPPLY	48247	48247	66747	66747	11247	61747	(MT, Net Weight)
Exports	21500	21500	23500	23500	0	22000	(MT, Net Weight)
Domestic Consumption	22000	22000	32000	32000	0	33000	(MT, Net Weight)
Ending Stocks	4747	4747	11247	11247	0	6747	(MT, Net Weight)
TOTAL DISTRIBUTION	48247	48247	66747	66747	0	61747	(MT, Net Weight)

Export Trade Matrix, Canned Tomatoes

Export Trade Matrix

Country Greece

Commodit Tomatoes, Canned

Time Period		Units:	MT
Exports for:	2003		**2004**
U.S.	11	U.S.	3
Others		Others	
France	381	U.K.	14069
Netherlands	3651	Netherlands	5569
U.K.	11493	Sweden	1050
Other EU	3049	Germany	1035
>Sub Total EU	18574	Italy	984
Japan	1104	Belg & Lux	464
Cyprus	244	Cyprus	606
		Other EU	786
		>Sub Total EU	24563
		Japan	222
Total for Others	19922		24785
Others not Liste	624		456
Grand Total	20557		25244

Import Trade Matrix, Canned Tomatoes

Import Trade Matrix

Country Greece

Commodit Tomatoes, Canned

Time Period		Units:	MT
Imports for:	2003		**2004**
U.S.	248	U.S.	
Others		Others	
Italy	5187	Italy	8002
Germany	2309	Germany	2296
Spain	133	Spain	18
Other EU	49	U.K.	53
>Sub Total EU	7678	Denmark	11
		France	7
		Hungary	9
		Other EU	7
		>Sub Total EU	10403
		Turkey	899
Total for Others	7678		11302
Others not Liste	62		64
Grand Total	7988		11366

PS&D Table, Tomato Paste, 28-30% TSS Basis

PSD Table

Country Greece

Commodity Tomato Paste,28-30% TSS B (MT)(MT, Net Weight)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [	New]
Market Year Begin		07/2003		07/2004		07/2005	MM/YYYY
Deliv. To Processors	700000	700000	900000	1084000	0	880000	(MT)
Beginning Stocks	9500	9500	2000	18900	8100	48400	(MT, Net Weight)
Production	98000	98000	150000	180000	0	146500	(MT, Net Weight)
Imports	2500	5400	1100	4500	0	1500	(MT, Net Weight)
TOTAL SUPPLY	110000	112900	153100	203400	8100	196400	(MT, Net Weight)
Exports	98000	80000	130000	135000	0	135000	(MT, Net Weight)
Domestic Consumption	10000	14000	15000	20000	0	18000	(MT, Net Weight)
Ending Stocks	2000	18900	8100	48400	0	43400	(MT, Net Weight)
TOTAL DISTRIBUTION	110000	112900	153100	203400	0	196400	(MT, Net Weight)

Export Trade Matrix, Tomato Paste, 28-30% Basis

Export Trade Matrix

Country Greece

Commodit Tomato Paste,28-30% TSS Basis

Time Period		Units:	MT
Exports for:	2003		2004
U.S.		U.S.	32
Others		Others	
Netherlands	25322	Netherlands	19037
U.K.	23298	U.K.	17511
Italy	10407	Italy	8292
Germany	6330	Germany	7658
Other EU	6834	Belg & Lux	2332
>Sub Total EU	72191	Cyprus	1225
Poland	692	Sweden	849
Romania	260	Other EU	3794
Un. Arabic Em.	387	>Sub Total EU	60698
		Russian Fed.	1094
Total for Others	73530		61792
Others not Liste	3374		2533
Grand Total	76904		64357

Import Trade Matrix, Tomato Paste, 28-30% TSS Basis

Import Trade Matrix

Country Greece

Commodit Tomato Paste,28-30% TSS Basis

Time Period		Units:	MT
Imports for:	2003		**2004**
U.S.		U.S.	
Others		Others	
Italy	914	Italy	4063
Germany	303	Germany	4456
>Sub Total EU	1217	Netherlands	18
Turkey	5	Belg & Lux	15
		Spain	83
		EU Total	8635
		Turkey	771
		Poland	66
		China	19
Total for Others	1222		9491
Others not Listed			4
Grand Total	1222		9495