



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 12/13/2002

GAIN Report #PO2031

Portugal

Tomatoes and Products

Semi-Annual

2002

Approved by:

Leslie O'Connor

U.S. Embassy Madrid

Prepared by:

Maria do Monte Gomes

Report Highlights:

Portugal's tomato production for MY 2002/2003 is estimated to decrease by seven percent from MY 2001/2002 to 994,372 mt, 85 percent of which (834,372 mt) is expected to be sold for processing. Heavy rains during most of the harvest period have destroyed around 200,000 MT of fresh tomatoes for processing. Producers and processors are now worried about the large amount of Chinese tomato paste entering the EU, Portugal's biggest export market.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Madrid [SP1], PO

Production	2
Policy	2
Trade	3
Imports	3
Stocks	4
Marketing	4
PS&D, Fresh Tomatoes	4
PS&D, Tomato Paste	4
Trade Matrix, Tomato Paste	5

Production

Portugal's tomato production for MY2002/03 (July-June) is estimated to have decreased by seven percent from MY2001/02 levels. Total production is estimated at 994,372 metric tons (mt) with 85 percent of the crop (834,372 mt) expected to be sold for processing. The 834,372 mt estimated to be going to processing for tomato products is 20 percent below the allowed production level of 1.05 million mt under the new EU threshold regime for Portugal.

Production of processed tomato products in MY2002/03 is forecast at 160,000 mt, five percent below the MY2001/02 production of 168,751 mt and consists mainly of tomato paste. In MY2002/03, production of diced tomato output and whole peeled tomatoes are estimated at 13,500 mt and at 1,500 mt respectively.

The MY2002/03 crop initially looked to be an exceptionally large one but it was affected by adverse weather conditions during harvest. Prior to September 15, producers could not have asked for more perfect growing conditions. However, from September 16 onward, heavy rains began and continued through most of the month of October. About 200,000 mt of tomatoes were reportedly destroyed by the rain. Some producers who planted late in the season in order to harvest later lost almost everything. If it was not for the rain, the crop would have been fantastic with an estimated one million metric tons of tomatoes produced with outstanding quality. In spite of the heavy rains, MY2002/03 average yields were only ten percent below those of MY2001/02 at 70 mt/hectare (ha).

Tomato Use By the Processing Industry (Metric Tons)

	2001/2002		2002/2003 (*)	
	Fresh	Processed	Fresh	Processed
Paste	897,267	158,387	810,000	145,000
Whole Peeled	993	754	2,500	1,500
Other	18,977	9,610	21,872	13,500
Total	917,237	168,751	834,372	160,000

Source: National Intervention and Guarantee Institute (INGA).

(*) Preliminary.

Policy

In MY2001/02, a new EU threshold regime (which replaced the old quota system) was implemented. Portugal's maximum threshold, 1.05 million mt, is considered by the industry to be a little over what the country can actually produce in a normal year. As a result, processors are happy with this new regime, since they will now know in advance what their final costs will be and thus will be able to negotiate with producers at international market prices.

Under this new threshold regime for processed tomato products, Portugal is allowed to produce up to 1.05 million mt of fresh tomato equivalent. Under this regime there is more flexibility as there are no restrictions on the specific type and quantity of each specific type of processed tomato product produced except that it has to be a type of product that

was included under the previous quota regime. The aid for tomatoes of 34.5 Euro/mt is paid directly to the producer organizations for the quantity of raw material produced. If a member state exceeds its national threshold limit, aid will only be paid up to its threshold limit. However, if there are one or more member states that do not use their total national thresholds, their unused aid will be transferred, uniformly, to the member states that overrun theirs.

Portugal Production Quotas and New Threshold Regime (Fresh Tomato Equivalent) (Metric Tons)

	2000/2001	2001/2002 (1)	2002/2003 (1)
Tomato Paste	822,206	1,050,000	1,050,000
Whole Peeled Tomato	8,570		
Other Products	35,885		
Total	868,660	1,050,000	1,050,000

(1) New EU threshold regime.

The Portuguese sector is very fragmented with 40 different producer organizations (POs). The top seven are responsible for 50 percent of total production (one is responsible for 15 percent). This fragmentation has hurt the sector since there is no association which can speak for the entire sector. Reportedly, some small POs which started in 1997, just disappeared because they were not able to reach the minimum standard levels a PO has to have in order to fully qualify. These POs, which were recognized in 1997, had a period of five years to fully comply with the minimum standards. The five year period is now over.

Trade

Portuguese MY2001/02 exports of tomato paste are estimated at 130,745 mt, five percent higher than MY2000/01. Data for domestic consumption in the PSD table includes 20,000 mt (office estimates) of paste transformed into tomato powder (which is all channeled to export) and other tomato products (mainly pizza sauce).

The main export market continues to be the rest of the European Union (EU), followed by Japan. Sales to the United States are minimal, accounting for only 480 mt of total exports in MY2001/02. Total exports in MY2002/03 are expected to decrease by four percent to around 125,000 MT when compared with MY2001/02 levels.

In MY2001/02 the EU tomato sector faced a growing "new menace" -- China. China exported about 50,000 mt of tomato paste to the EU during this period. Although quality is reportedly not very good, processors know that China learns fast and will likely be producing a better quality product in the future. Processors are already thinking of new alternative products to produce to replace the production of tomato paste. The EU Commission is also reportedly worried about this new source of product.

Imports

In general, there are no Portuguese imports of fresh tomatoes for processing. However, in 2001, an estimated 41,130 mt of fresh tomatoes for fresh consumption were imported. Most of the imports originated within the EU, with Spain accounting for 39,095 mt (95 percent) of total imports.

Stocks

Stocks have decreased to an estimated 13,500 mt in MY2001/02. Stocks are projected to decrease to 1,000 mt in MY2002/03.

Marketing

Since Portugal is self-sufficient in tomato products, there are few opportunities for exports of U.S. products.

PS&D, Fresh Tomatoes

PSD Table						
Country	Portugal					
Commodity	Fresh Tomatoes				(HA)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Plnt For Fresh Consump	0	1500	0	1500	0	1500
Plnt For Processing	0	12860	0	11761	0	12000
TOTAL Area Planted	0	14360	0	13261	0	13500
Harv. For Fresh Cons.	0	1500	0	1500	0	1500
Harv. For Processing	0	12860	0	11761	0	12000
TOTAL Area Harvested	0	14360	0	13261	0	13500
Fresh Sale Production	0	155000	0	155000	0	160000
Processing Production	0	854682	0	917237	0	834372
TOTAL Production	0	1009682	0	1072237	0	994372
TOTAL SUPPLY	0	1009682	0	1072237	0	994372

PS&D, Tomato Paste

PSD Table						
Country	Portugal					
Commodity	Tom. Paste,28-30% TSS Basis				(MT)(MT, Net Weight)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Deliv. To Processors	821750	821750	897267	897267	950000	810000
Beginning Stocks	27650	27650	20000	20000	13500	13500
Production	155955	155955	158387	158387	155000	145000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	183605	183605	178387	178387	168500	158500
Exports	124383	124383	64781	130745	125000	125000
Domestic Consumption	39222	39222	100106	34142	38500	32500
Ending Stocks	20000	20000	13500	13500	5000	1000
TOTAL DISTRIBUTION	183605	183605	178387	178387	168500	158500

Trade Matrix, Tomato Paste

Export Trade Matrix			
Country	Portugal		
Commodity	Tom. Paste,28-30 % TSS Basis		
Time period	July-June	Units:	Metric Tons
Exports for:	2000		2001
U.S.	278	U.S.	480
Others		Others	
United Kingdom	40,342	United Kingdom	34,148
Netherlands	14,717	Netherlands	19,563
France	11,572	Germany	9,669
Germany	10,418	France	6,986
Ireland	6,929	Italy	6,382
Sweden	5,605	Sweeden	5,787
Spain	5,434	Denmark	4,599
Denmark	2,904	Ireland	3,620
Other EU	5,401	Other EU	8,683
Japan	10,952	Japan	11,154
Total for Others	114274		110591
Others not Listed	9,831		19,674
Grand Total	124383		130745