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Italy

Tomatoes and Products

Semi-annual

2004

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Report Highlights:
In 2004 Italian tomato production finished much higher than originally expected both for fresh consumption (+13% from 2003) and processing (+20% from 2003). Canned Tomatoes and sauce had the highest increases, while tomato paste production continued to decline. Italian tomato industries fear that the application of the EU Common Agricultural Policy may result in excess supply in the future.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Rome [IT1]
[IT]

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Executive Summary

In 2004 Italian tomato production finished much higher than originally expected (see IT4011), especially as producers' associations revised downward their forecast in July due to bad weather conditions (see IT4013). Heavy showers and hailstorms during the early part of the season (between June and early July) caused significant losses to farmers, but gave them enough time to replant seedlings. The very favorable climate in the following months and the increased acreage (+8%) resulted in a very abundant crop.

Policy

According to the rules set by the new EU Common Agricultural Policy, farmers receiving the annual decoupled payment on land, are prohibited from producing horticultural products (including tomatoes) on the same land. However, the EU regulation allows member states, in derogation to this rule, to plant horticultural products as secondary crops (after the harvest of the main crop) as long as they are planted after August 15. Italy and Germany are likely to ask the EU Commission to move up this deadline from August 15 to July 15 in order to allow greater flexibility to farmers.

If this objective is achieved, farmers would be able to transplant tomatoes on new land after July 15 as a secondary crop, without losing the entitlement to the decoupled payment. If this happens, it is likely that Italian tomato production would meet a large increase from next year. Tomato processing industry associations are strongly opposed to this possibility, as they fear that it could lead to an excess of supply on the domestic market.

Fresh tomatoes

Production of tomatoes for fresh consumption was up by 13% from 2003 to 0.8 mln tons, production of tomatoes for processing reached a peak at 6.4 mln tons, up 21% from the previous campaign. Replanting operations resulted in a 2 to 3 weeks delay from the standard course of the processing campaign. Production increases were more significant in northern regions, with an average of + 29%.

The destination of fresh tomatoes in the 2004 campaign resulted as follows:

	Volume (000 tons)	% of total
For Fresh consumption	770	12%
For processing	5800	88%
Of which		
For Canning	*3300*	*50%*
For paste production	*1834*	*28%*
For sauce production	*666*	*10%*
Total	6570	100%

Northern European countries remain the major export market for Italian fresh tomatoes.

Prices of fresh tomatoes for consumption have been low compared to the previous campaign due to the increased supply and the stagnant domestic demand.

PSD Table

Country	**Italy**						
Commodity	**Fresh Tomatoes**			(HA)(MT)			
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [	New]
Market Year Begin		07/2002		07/2003		07/2004	MM/YYYY
Plnt For Fresh Consump	25000	25000	27000	26000	24500	25035	(HA)
Plnt For Processing	76000	76000	82049	82049	90000	90000	(HA)
TOTAL Area Planted	101000	101000	109049	108049	114500	115035	(HA)
Harv. For Fresh Cons.	22105	22105	24038	22758	22758	23000	(HA)
Harv. For Processing	68800	68800	81078	81356	89000	88179	(HA)
TOTAL Area Harvested	90905	90905	105116	104114	111758	111179	(HA)
Fresh Sale Production	736287	736287	767177	767196	770000	867400	(MT)
Processing Production	4325263	4325263	5266000	5316439	5800000	6454765	(MT)
TOTAL Production	5061550	5061550	6033177	6083635	6570000	7322165	(MT)
TOTAL SUPPLY	5061550	5061550	6033177	6083635	6570000	7322165	(MT)

Canned Tomatoes

Canned tomatoes are mainly produced in the southern region of Campania, they absorb alone about 57% of the country processing production. Long Roma-type varieties are generally preferred for canning.

Whole peeled tomatoes represent about 50% of the final product, the rest are chopped tomatoes and tomato pulp. Overall production of canned tomatoes in 2004 increased by 13% from 2003. Chopped tomatoes had the highest increase (+25%).

The quality of production is generally good, thanks to favorable climatic conditions that resulted in good size and good colors of tomatoes.

PSD Table

Country	**Italy**						
Commodity	**Tomatoes, Canned**			(MT)(MT, Net Weight)			
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [	New]
Market Year Begin		07/2002		07/2003		07/2004	MM/YYYY
Deliv. To Processors	2119050	2119050	2628496	2628496	0	3300000	(MT)
Beginning Stocks	412000	349897	298375	236272	432103	410000	(MT, Net Weight)
Production	1393130	1393130	1761664	1761664	0	2000000	(MT, Net Weight)
Imports	24311	24311	7531	6689	0	5000	(MT, Net Weight)
TOTAL SUPPLY	1829441	1767338	2067570	2004625	432103	2415000	(MT, Net Weight)
Exports	831066	831066	890000	823740	0	950000	(MT, Net Weight)
Domestic Consumption	700000	700000	745467	770885	0	800000	(MT, Net Weight)
Ending Stocks	298375	236272	432103	410000	0	665000	(MT, Net Weight)
TOTAL DISTRIBUTION	1829441	1767338	2067570	2004625	0	2415000	(MT, Net Weight)

Tomato paste

Production of tomato paste continues to lose ground versus other products despite the exceptional crop in 2004. Production in 2004 is down 8% from 2003. International price competition and relatively high production costs are the main drivers for this trend. Domestic consumption is steady and mostly limited to industrial uses for the production of sauces. Imports from China have been constantly growing in the last 5 years, with a peak in 2003. About 95% of Chinese paste is imported under a temporary import regime, re-processed and than re-exported to North African and Balkan countries.

PSD Table

Country **Italy**

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

	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [	New]
Market Year Begin		07/2002		07/2003		07/2004	MM/YYYY
Deliv. To Processors	1669293	1669293	1994256	1994256	2320000	1834700	(MT)
Beginning Stocks	105000	115390	57193	78770	79601	93599	(MT, Net W
Production	322264	322264	378308	378308	417600	350000	(MT, Net W
Imports	162182	192991	168100	176521	160000	185000	(MT, Net W
TOTAL SUPPLY	589446	630645	603601	633599	657201	628599	(MT, Net W
Exports	457253	476875	449000	465000	460000	460000	(MT, Net W
Domestic Consumption	75000	75000	75000	75000	75000	75000	(MT, Net W
Ending Stocks	57193	78770	79601	93599	122201	93599	(MT, Net W
TOTAL DISTRIBUTION	589446	630645	603601	633599	657201	628599	(MT, Net W

Tomato sauce

Data for tomato sauce includes what in Italian is defined as “passata di pomodoro”. As reported previously in IT4011 and IT4013, passata is skinned, seedless, unflavored, uncooked tomato pulp, either slightly chunky or smooth. Up until now the passata has been produced either by direct processing of fresh tomato or by mixing dehydrated tomato paste and tomato sauce. PSD data only include passata derived from fresh tomatoes to avoid overlapping with tomato paste statistics.

The Italian Government introduced a new law in June 2004 authorizing the definition of “passata di pomodoro” only for the product deriving from the processing of fresh tomatoes. The EU Commission, although not yet notified by the Italian authorities, issued a warning of pre-infringement to Italy saying that the rule as it is does not comply with EU internal competition rules. The EU Commission recommends that the new rule may be applied to domestic products, but not to imported products.

Tomato sauce production continues its upward trend (+26% in 2004) due to ever increasing domestic demand. Italian consumers are showing increasing preference for tomato sauce versus other products (mainly canned tomatoes) due to greater ease of utilization.

PSD Table

Country Italy

Commodity Tomato Sauce

						(MT)(MT, Net Weight)	
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		07/2002		07/2003		07/2004	MM/YYYY
Deliv. To Processors	531146	531146	608561	608561	638000	666787	(MT)
Beginning Stocks	80000	80000	59032	59033	82000	90000	(MT, Net W
Production	276070	276070	349720	349720	350000	400000	(MT, Net W
Imports	33455	33455	13024	17207	11000	11000	(MT, Net W
TOTAL SUPPLY	389525	389525	421776	425960	443000	501000	(MT, Net W
Exports	284392	284391	290000	271216	295000	290000	(MT, Net W
Domestic Consumption	46101	46101	49776	64744	55000	77000	(MT, Net W
Ending Stocks	59032	59033	82000	90000	93000	134000	(MT, Net W
TOTAL DISTRIBUTION	389525	389525	421776	425960	443000	501000	(MT, Net W

Trade Matrixes and Prices

Country	Italy		
Commodit	Fresh Tomatoes		
Time Period	MY	Units:	MT
Exports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Germany	52759	Germany	48162
Austria	15963	Austria	13775
Switzerland	5999	Switzerland	4041
France	5877	France	5608
United Kingdom	5644	United Kingdon	5620
Slovenia	3999	Slovenia	3379
Croatia	3166	Croatia	3411
Bosnia-Herz.	2821	Bosnia-Herz.	2393
Denmark	2128	Denmark	2796
Netherlands	1879	Netherlands	2416
Total for Others	100235		91601
Others not Liste	11052		8232
Grand Total	111287		99833

Import Trade Matrix

Country	Italy		
Commodit	Fresh Tomatoes		
Time Period	MY	Units:	MT
Imports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Netherlands	27274	Netherlands	38024
Spain	24373	Spain	33251
France	9026	France	11726
Germany	5404	Germany	7319
Belgium	2557	Belgium	3845
		Morocco	2327
Total for Others	68634		96492
Others not Liste	604		1680
Grand Total	69238		98172

Prices Table

Country Italy

Commodity Fresh Tomatoes

Prices in Euro per uom MT

Year	2003	2004	% Change
Jan			
Feb			
Mar			
Apr			
May			
Jun	0.65	0.57	-12%
Jul	0.47	0.29	-38%
Aug	0.58	0.28	-52%
Sep	0.79	0.31	-61%
Oct	0.86	0.3	-65%
Nov			
Dec			

Exchange Rate	1.33	Local Currency/US $
Date of Quote	12/13/2004	MM/DD/YYYY

Country Italy

Commodit Tomatoes, Canned

Time Period	Year	Units:	MT
Exports for:	2002		**2003**
U.S.	98257	U.S.	69319
Others		Others	
United Kingdom	236317	United Kingdon	200522
Germany	154649	Germany	147006
France	79273	France	66943
Japan	66960	Japan	60715
Belgium	43248	Belgium	42770
Netherlands	24942	Netherlands	20413
Switzerland	19709	Switzerland	18422
Austria	7482	Austria	8267
Total for Others	632580		565058
Others not Liste	204819		184424
Grand Total	935656		818801

Export Trade Matrix

Country Italy

Commodit Tomato Paste,28-30% TSS Basis

Time Period	MY	Units:	MT
Exports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Germany	95107	Germany	96361
Libia	38108	Nigeria	40703
Nigeria	34977	Ghana	29243
United Kingdom	25418	France	27305
France	25278	United Kingdon	20358
Ghana	23494	Togo	20613
Benin	23388	Benin	14150
Togo	18017	Angola	12345
Angola	14628	Cote d'Ivoire	12814
Netherlands	16503	Congo	8293
Total for Others	314918		282185
Others not Liste	161957		138484
Grand Total	476875		420669

Import Trade Matrix

Country Italy

Commodit Tomato Paste,28-30% TSS Basis

Time Period	MY	Units:	MT
Imports for:	2002		**2003**
U.S.	5849	U.S.	8431
Others		Others	
China	147751	China	139783
Spain	11080	Spain	5299
Greece	8725	Greece	13306
Portugal	7066	Iran	5395
Turkey	2918	Egypt	2521
Israel	2000		
France	2442		
Saudi Arabia	2258		
Total for Others	184240		166304
Others not Liste	2902		1786
Grand Total	192991		176521

Export Trade Matrix

Country	Italy		
Commodit	Tomato Sauce		
Time Period	MY	Units:	MT
Exports for:	2002		**2003**
U.S.	5455	U.S.	7326
Others		Others	
Germany	74225	Germany	69432
United Kingdom	46004	France	46526
France	46170	United Kingdon	40892
Netherlands	12125	Belgium	14753
Belgium	13918	Greece	11705
Denmark	9678	Australia	10432
Greece	13208	Denmark	8824
Sweden	9989	Netherlands	8371
Australia	8014	Sweden	7468
Austria	6175	Austria	6951
Total for Others	239506		225354
Others not Liste	39430		38536
Grand Total	284391		271216