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Portugal

Tomatoes and Products

Semi-Annual

2003

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Report Highlights:

Portugal's tomato production reached 1.05 million tons in MY 03/04, a 6 percent improvement over last year's poor crop; about 85 percent of this amount was sold for processing. The output would have been even higher, but high temperatures during the summer harvest period destroyed around 100,000 tons of fresh tomatoes for processing. Despite the increase in the crop, tomato paste exports are expected to be off in MY 03/04.

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

Production	3
Policy	3
Trade.....	4
Imports	4
Stocks	4
Marketing	4
PS&D, Fresh Tomatoes	5
PS&D, Tomato Paste.....	5
Trade Matrix, Tomato Paste	6

Production

Portugal's tomato production for MY 03/04 (July-June) is estimated to have increased by six percent from MY 02/03 levels. Total production is estimated at 1,054,094 metric tons (mt) with 85 percent of the crop (894,094 mt) expected to be sold for processing. The quantity going to processing for tomato products is 15 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 MY 03/04 is forecast at the MY 02/03 production levels of 138,000 mt and consists mainly of tomato paste.

Farmers initially thought that the MY 03/04 crop would be an exceptionally large one. However, the abnormally high temperatures that affected Portugal (and most of Europe) from late July through mid-August destroyed around 100,000 mt of fresh tomatoes for processing. Processors report that the low output of processed tomato products (estimated at 138,000 tons) is also due to problems with deliveries from producers. Some producers were afraid of increased losses during the summer and shipped tomatoes of different maturities in the same container. Processors report that this has caused a decline in industrial yields and affected the color of the final product.

Tomato Use and Output by the Processing Industry (Metric Tons)

	2002/2003		2003/2004 (*)	
	Fresh	Processed	Fresh	Processed
Paste	810,889	137,249	869,094	138,000
Whole Peeled	0	0	N/A	N/A
Other	9,340	3,902	N/A	N/A
Juice	14,480	12,306	N/A	N/A
Total	834,237	153,457	894,094	138,000

Source: National Intervention and Guarantee Institute (INGA).

(*) Preliminary.

Policy

In MY2001/02, the EU implemented a new threshold regime for tomatoes (which replaced the old quota system). 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 now know in advance what their final costs will be and thus are 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. The regime is more flexible than its predecessor, since it places no restrictions on the type or quantity of each processed tomato product produced (except that it has to be a type of product that was included under the previous quota regime). The subsidy for tomatoes, €34.50/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.

Producers, however, have been adapting quickly to the new regime. Although the Portuguese sector is still very fragmented (there are currently 34 producer organizations), the top 7 are responsible for 50 percent of total production and one of these is responsible for 15 percent. This fragmentation has hurt the sector since there is no association that can speak for the entire sector. However, the number of producer organizations will continue to decrease as smaller organizations merge with larger ones.

Trade

Portuguese exports of tomato paste in MY 02/03 are estimated at 117,446 mt, ten percent below MY 01/02. Data for domestic consumption in the PSD table includes 20,000 mt (office estimate) 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 111 mt of total exports in MY 02/03. Total exports in MY 03/04 are expected to decrease by two percent to around 115,000 MT. This is basically due to this year low quantity of processed tomato.

Exports from China continue to worry the Portuguese industry. China exported about 50,000 mt of tomato paste to the EU during this period. Although quality is reportedly not very good, Portuguese processors know that Chinese producers adapt quickly and will likely be producing a better quality product in the near future. With this competition in mind, Portuguese processors are already looking for alternative products to replace 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, an estimated 40,975 mt of tomatoes were imported for fresh consumption in 2002. Most came from Spain's primary tomato producing area, the Extremadura Region, which shares a border with Portugal.

Stocks

Stocks of tomato paste have decreased to an estimated 3,000 mt in MY 02/03. Stocks are expected to be even smaller at 1,000 mt in MY 03/04.

Marketing

Since Portugal is self-sufficient in both fresh tomatoes and tomato products – and is in fact a substantial exporter of tomato paste -- there are few opportunities for U.S. exports of these products.

PS&D, Fresh Tomatoes

PSD Table

Country	Portugal		2002		2003		Forecast	UOM
	Fresh Tomatoes		Estimate		Estimate			
Commodity	(HA)		(MT)		(HA)		(MT)	
	2001	Revised	2002	Estimate	2003	Forecast		
	USDA	Post	USDA	Post	USDA	Post		
	Official	Estimate	Official	Estimate	Official	Estimate		
	[Old]	[New]	[Old]	[New]	[Old]	[New]		
Market Year Begin	07-2001		07-2002		07-2003		MM/YYYY	
Plnt For Fresh								
Consump	0	1500	0	1500	0	1500	(HA)	
Plnt For Processing	0	11761	0	11851	0	12474	(HA)	
TOTAL Area Planted	0	13261	0	13351	0	13974	(HA)	
Harv. For Fresh Cons.	0	1500	0	1500	0	1500	(HA)	
Harv. For Processing	0	11761	0	11851	0	12474	(HA)	
TOTAL Area Harvested	0	13261	0	13351	0	13974	(HA)	
Fresh Sale Production	0	155000	0	160000	0	160000	(MT)	
Processing Production	0	917237	0	834709	0	894094	(MT)	
TOTAL Production	0	1072237	0	994709	0	1054094	(MT)	
TOTAL SUPPLY	0	1072237	0	994709	0	1054094	(MT)	

PS&D, Tomato Paste

PSD Table

Country	Portugal		2002		2003		Forecast	UOM
	Tom. Paste, 28-30% TSS		Estimate		Estimate			
Commodity	Basis		(MT)		(MT, Net Weight)		(MT)	
	2001	Revised	2002	Estimate	2003	Forecast		
	USDA	Post	USDA	Post	USDA	Post		
	Official	Estimate	Official	Estimate	Official	Estimate		
	[Old]	[New]	[Old]	[New]	[Old]	[New]		
Market Year Begin	07-2001		07-2002		07-2003			
Deliv. To Processors	897267	897267	810889	810889	1070000	869094		
Beginning Stocks	20000	20000	13500	13500	1000	3000		
Production	158387	158387	137249	137249	165000	138000		
Imports	0	0	0	0	0	0		
TOTAL SUPPLY	178387	178387	150749	150749	166000	141000		
Exports	130745	130745	120000	117446	125000	115000		
Domestic Consumption	34142	34142	29749	30303	36000	25000		
Ending Stocks	13500	13500	1000	3000	5000	1000		
TOTAL DISTRIBUTION	178387	178387	150749	150749	166000	141000		

Trade Matrix, Tomato Paste

Export Trade Matrix

Country	Portugal	
	Tom. Paste,28-30%	
Commodity	TSS Basis	
Time Period	July-June	Units: Metric Tons
Exports for:	7/01-6/02	7/02-6/03
U.S.	480	111
Others	Others	
United Kingdom	34148	29828
Netherlands	19563	15209
Germany	9669	14697
France	6986	Sweden 6491
Italy	6382	Italy 6347
Sweden	5787	Spain 5288
Denmark	4599	Ireland 5171
Ireland	3620	Denmark 2943
Other EU	8683	Other EU 6708
Japan	11154	Japan 8959
Total for Others	110591	101641
Others not Listed	19674	15694
Grand Total	130745	117446