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Greece

Tomatoes and Products

Semi-Annual

2003

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Report Highlights:
Greek tomato production continues to be below the EU set quota of 1,211,241 MT. An increasing volume of industrial tomatoes is now channeled toward canned processing rather than toward tomato paste, a trend that generally reflects consumer preferences for less processed foods. Greek tomato exports, particularly in the form of tomato paste, declined slightly due to higher domestic prices and increasing competition from China

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Includes PSD Changes: Yes
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SECTION I. SITUATION AND OUTLOOK

Total tomato production (both table and industrial) for the 2003 crop is now estimated at 1,600,000 MT (fresh basis), a 6 percent increase compared to last year. This year, Greece did not succeed in reaching the national quota, which is still set at 1,211,241 MT. Total industrial tomato production in 2003 is reported to be at 900,000 MT. Earlier forecasts showed that this year there would be a remarkable increase in industrial tomato acreage. According to industry sources, farmers (mostly from the Southern parts of Greece) did not proceed with more plantings since a series of local administrative impediments caused a delay in the receipt of EU subsidies. The general impression is that this year the production of processed tomatoes did not reach its full potential, despite relatively favorable weather conditions in 2003. The only adverse weather factor, which may have affected the tomato crop this year was the frost in areas of Northern Greece that caused a delay in the tomato harvest, and in some cases required the re-planting of some acreage.

Approximately 75 percent of industrial tomato production delivered to processing plants this year was utilized for tomato paste; 5 percent was used for canned tomatoes (whole crushed/chopped and diced), while the remaining 180,000 MT was either processed for other products, sold in the fresh market or categorized as farm use, losses and/or waste.

In regard to table tomato, this has been a very damaging year for farmers due to the increase in table tomato acreage, which led to an extremely large harvest and consequently to low farmer prices. Farmer prices for table tomatoes in August and September 2003, fluctuated between 0,1-0,2 Euros/kgr. A number of farmers decided to destroy their harvest rather than to sell it in the domestic market; low domestic prices did not even cover production costs, currently estimated to be around 0.25-0.35 Euros/kg. In recent months, there has been an increase in input costs (seed, fertilizers, fuel and labor), which has generally affected production costs for almost all crops.

SECTION II. NARRATIVE ON SUPPLY AND DEMAND, POLICY AND MARKETING PRODUCTION

Production

During the 2003 processing campaign, processors have increased the quantity of industrial tomato channeled for the production of canned products rather than tomato paste. Their decision was based mostly on the fact that there was a short supply of canned tomato products in the international markets.

According to industry sources, the outlook for industrial tomatoes in Greece is positive due to the extensive cultivation of this crop in various regions of the country, which minimizes the possibility of widespread damage in the event of localized adverse weather conditions. The increase of industrial tomato acreage is an issue that will continue to be discussed, especially in light of the fact that Greece has not reached the EU quota of 1,211,241 MT since the year 2000. Land that traditionally was cultivated for industrial tomatoes is now gradually being used for other irrigated crops (corn, alfalfa, sugar beets etc). Farmers will be more likely to return to tomato cultivation once GOG policies establish the right incentives and subsidy payments become more simplified.

This year the industry paid the growers 0,056 Euros/kg for tomatoes delivered to processing plants. The quality of fresh tomatoes channeled to processing was not found satisfactory and yields of tomato paste (28-30 TSS basis) dropped to 6.7 kgr of fresh tomatoes per 1 kg of tomato paste, compared to 6.3 kgr of fresh tomatoes a year earlier.

Trade

This year large imported quantities of table tomato from Turkey in March, season of the highest domestic consumption, led to an unusual large supply of tomatoes in the domestic fresh market. Also in May 2003, the supply of table tomato increased even though demand was low. This seasonal fluctuation in demand led to a corresponding fluctuation in prices, which caused volatility in the fresh market and a measure of uncertainty for consumers. Especially in summer months, prices of fresh vegetables tend to be pressed downwards due to excessive quantities offered in the fresh market amid relatively lower demand. In short, large imported amounts plus the increased domestic table tomato production led to an unusual decline of farmer prices and caused an accumulation of tomatoes in the market.

According to industry sources, China, which was considered as the most competitive country for processed tomato products, did not manage to fulfill contract agreements with other countries. Nevertheless, China still managed to take a small portion of Greece's export market, particularly in Great Britain.

Ex-factory prices for tomato paste 28-30% TSS basis, destined for exports, aseptically packed in drums during 2002/03 MY ranged between 630-780 Euros/MT, FOB basis, prices that were slightly higher compared to last year. The most determinative months for export prices are September and October in which export prices reach a peak level of approximately 780 Euros/MT and the amount of stock availability, packed in 2003/04, is at the minimum.

Consumption

Domestic consumption of processed tomato products stands at approximately 14,000 MT for tomato paste and 36,000 MT for canned tomatoes. As cited in the Trade section above, there is an increased demand for canned tomato products rather than tomato paste and the trend shows that consumption of tomato paste will be drastically reduced in the near future. In recent years, consumers have showed a preference for canned tomato products, based particularly on the fact that these products contain whole or slices of tomatoes, a factor which gives an impression of greater freshness when compared to tomato paste.

Due to unfavorable weather conditions in the last two years, fresh vegetables including fresh tomatoes have been very expensive, a factor that clearly discourages consumer purchases. At the same time, prices have also fallen victim to unjustified and sometimes illegal wholesale price mark-ups. The legal wholesale profit margin set by GOG Ministry of Commerce is at 7 percent, while for the retailer it is set at 25 percent. In 2003, however, consumer prices managed to remain at relatively normal levels due to the large supply of table tomatoes available in the domestic market.

Stocks

According to industry and trade information, at the end of 2003/04 MY stocks of tomato paste and canned tomatoes will be near to 2,500 MT and 4,247 respectively. A good portion of these stocks is committed for later shipments and by the end of November - December is estimated to reach much lower levels.

Policy

In line with the EU Third Support Framework for Agricultural Restructural Plans for Countryside Development 2000-2006 (EU Reg. No.1257/1999), the majority of tomato processors have submitted applications for participation in the program. This EU plan will mainly target the modernization of production lines and the adjustment of equipment in order to process increased quantities of canned tomatoes rather than tomato paste.

Until recently, 50 percent of the processing units in Greece had production lines capable of producing canned tomato products.

According to industry, the integration of new member countries in the EU, will improve the trading activity of Greece, mainly to the Eastern Europe. In the year 2004, EU support for these new EU accession countries will be 25 percent of the support allocated to all other EU member countries. EU support for these states will gradually increase until 2013 when they will be fully integrated in the EU support system. Among East European countries, only Romania and Hungary have a noteworthy processed tomato production.

PS&D Table, Fresh Tomatoes

PSD Table

Country Greece

Commodity Fresh Tomatoes (HA)(MT)

	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	USDA Official [	Estimate [	USDA Official [	Estimate [New]	
Market Year Begin		01/2001		01/2001		01/2001	MM/YYYY
Plnt For Fresh Consump	0	15500	0	16500	0	18000	(HA)
Plnt For Processing	0	20915	0	17000	0	18000	(HA)
TOTAL Area Planted	0	36415	0	33500	0	36000	(HA)
Harv. For Fresh Cons.	0	15500	0	16500	0	17000	(HA)
Harv. For Processing	0	20915	0	17000	0	18000	(HA)
TOTAL Area Harvested	0	36415	0	33500	0	35000	(HA)
Fresh Sale Production	0	679513	0	640000	0	700000	(MT)
Processing Production	0	935000	0	860000	0	900000	(MT)
TOTAL Production	0	1614513	0	1500000	0	1600000	(MT)
TOTAL SUPPLY	0	1614513	0	1500000	0	1600000	(MT)

PS&D Table, Canned Tomatoes

PSD Table

Country Greece

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

	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		07/2001		07/2002		07/2003	MM/YYYY
Deliv. To Processors	48420	48420	25500	25500	35000	50000	(MT)
Beginning Stocks	2199	2199	8083	8083	4247	4247	(MT, Net Weight)
Production	41384	41384	21664	21664	29800	42000	(MT, Net Weight)
Imports	17000	17000	17000	17000	17000	13000	(MT, Net Weight)
TOTAL SUPPLY	60583	60583	46747	46747	51047	59247	(MT, Net Weight)
Exports	17500	17500	14000	14000	18000	19000	(MT, Net Weight)
Domestic Consumption	35000	35000	28500	28500	31000	36000	(MT, Net Weight)
Ending Stocks	8083	8083	4247	4247	2047	4247	(MT, Net Weight)
TOTAL DISTRIBUTION	60583	60583	46747	46747	51047	59247	(MT, Net Weight)

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

PSD Table

Country Greece

Commodity Tom. Paste,28-30% TSS Basi (MT)(MT, Net Weight)

	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		07/2001		07/2002		07/2003	MM/YYYY
Deliv. To Processors	870000	870000	789500	789500	870860	670000	(MT)
Beginning Stocks	21000	21000	15500	15500	9500	9500	(MT, Net Weight)
Production	147500	147500	125000	125000	139000	100000	(MT, Net Weight)
Imports	10000	10000	13000	13000	9000	15000	(MT, Net Weight)
TOTAL SUPPLY	178500	178500	153500	153500	157500	124500	(MT, Net Weight)
Exports	145000	145000	128000	128000	132000	108000	(MT, Net Weight)
Domestic Consumption	18000	18000	16000	16000	18000	14000	(MT, Net Weight)
Ending Stocks	15500	15500	9500	9500	7500	2500	(MT, Net Weight)
TOTAL DISTRIBUTION	178500	178500	153500	153500	157500	124500	(MT, Net Weight)