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GAIN Report #PO0027

# Portugal

## Tomatoes and Products

### Semi-Annual

### 2000

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#### Report Highlights:

Portugal's 2000/2001 output of processing tomatoes is estimated at 854,656 MT, 14 percent below the 1999/2000 total production. Tomatoes for paste production continue to comprise the largest proportion of total production. The EU Agricultural Council approved the Commission proposal to amend the current market organization rules for processed tomatoes. A "brand new" threshold regime will be implemented during 2001/2002 crop year. While processor have welcomed this new regime, producers fear some uncertainty due to their "still poor" organization as a whole.

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

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## Production

Portugal's 2000/2001 output of processing tomatoes is estimated at 854,656 MT, 14 percent below 1999/2000 total production. At an estimated 821,750 MT, tomatoes for paste production continue to comprise the largest portion of total production. This level of paste production would reach Portugal's EU-mandated production quota of 822,206 MT.

The planting of the 2000 crop has been affected by adverse weather conditions with the month of April and early May dominated by heavy rains, which was preceded by a period of very dry weather. Reportedly, producers who started planting in early April lost their crops due to the heavy rains and had to replant during the second half of May. In view of these circumstances, total 2000/2001 production declined by 14 percent compared to the 1999/2000. However, and in spite of these adverse weather conditions that badly aggravated the beginning of the planting season, the crop period run smoothly through the whole month of October.

In terms of both yield and quality, the 2000 crop is considered good. At an average of 56 tons/ha, tomato yields in 2000 were slightly below the 1999 yields of 60 tons/ha. Crop quality and color is reportedly very good. In addition, industrial yields and quality are also reported to be very good, although the average solid content in the tomato crop is considered "normal".

To be noted is the significant decrease of canned tomato output to 2,659 MT, which accounts for 1,968 MT of whole peeled tomatoes (1999/2000, fresh tomato 4,462 MT, accounted for 3,336 MT of whole peeled tomatoes). Diced tomato output is estimated at 15,411 MT slightly below the 1999/2000 level of 16,819 MT.

### Tomato Use By the Processing Industry (Metric Tons)

	1999/2000		2000/2001 (*)	
	Fresh	Processed	Fresh	Processed
Paste	956,775	170,471	821,750	155,955
Whole Peeled	4,462	3,336	2,659	1,968
Other	35,289	16,819	30,247	15,411
Total	996,526	190,626	854,656	173,334

Source: National Intervention and Guarantee Institute (INGA). (\*) Preliminary.

## Policy

During the last month of the Portuguese EU presidency that took place in the first half of 2000, the European Commission presented a proposal to amend the current market organization rules for processed tomatoes. On November 21, 2000, the EU Agricultural Council approved the Commission's proposed changes to the common market organization for fruit and vegetables which includes processed tomatoes. This new regime replaces the old quota regime with a threshold regime. Under this new regime, Portugal as a tomato producer country, has been allocated a threshold of 1.05 million MT. This new "amount" is considered by the industry to be a little over what Portugal can actually produce. However, processors are very happy with this new regime. Reportedly, processors will now be able to know in advance how much their final costs will be since with this new regime they will be able to negotiate with the producers at international market prices. However, Portuguese producers are quite scared of the new regime. Since 1997, producers have been organizing themselves into producer organizations as was established under the old quota regime. However, this "organization" is far from perfect. The main handicap is that there is not only one voice speaking for all organizations. In other words, there is not an association of producer organizations. Currently, there are 46 producer organizations of which the top eight are responsible for 50 percent of total production and the top 18 are responsible for 75 percent. It is expected that the smaller organizations responsible for the remaining 25 percent of total production will either merge with the bigger organizations or simply disappear since they are too small to compete. In the face of the new threshold regime, it is expected that producer organizations will "re-organize" again in order to gain the management tools necessary to manage this new regime where the producer is sole responsible for how many tomatoes will be produced.

The new guideline governing this new threshold regime are not yet published but it is expected they will be ready in early 2001 for the 2001/2002 crop.

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

	1999/2000	2000/2001	2001/2001 (1)
Tomato Paste	822,206	822,206	
Whole Peeled Tomato	8,570	8,570	{ 1,050,000
Other Products	35,885	35,885	
Total	868,660	868,661	1,050,000

(1) New EU threshold regime.

Under the new threshold regime, Portugal may produce 1.05 million MT of fresh tomato equivalent. There is no restrictions on the type and quantity of each processed tomato product to be obtained except that it has to be a type of processed tomato 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 the threshold limit for that member state. However, if there are one or more member states that did not use their total national threshold, then the remaining aid not paid to those member states will be transferred, uniformly, to the member states that overrun their national threshold.

## **Trade**

Portugal's exports of tomato paste are estimated at 114,349 MT in 1999/2000, seven percent below 1998/99 export levels. Data for domestic consumption on the PSD table includes 20,000 MT (office estimates) of paste transformed into tomato powder which is all channeled for export and the remaining is second-level processing for manufacture of other tomato products, mainly pizza sauce.

The main export market continues to be the EU, followed by Japan. Sales to the United States are minimal, accounting for only 120 MT of total exports in 1999/2000. Exports in 2000/2001 are expected to return to 1998/99 levels of around 125,000 MT.

## **Stocks**

Stocks have increased to an estimated 36,000 MT in 2000/2001. However, due to lower production of the other EU member producers, stocks are projected to decrease at around 25,000 MT in 2000/2001.

## **Marketing**

As Portugal is self-sufficient in tomato products production, there are no opportunities to export U.S. tomato products to Portugal.

**PS&D Fresh Tomatoes**

PSD Table						
Country	Portugal					
Commodity	Fresh Tomatoes				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Plnt For Fresh Consump	0	2354	0	2400	0	2400
Plnt For Processing	0	17000	0	16683	0	15269
TOTAL Area Planted	0	19354	0	19083	0	17669
Harv. For Fresh Cons.	0	1400	0	1500	0	1500
Harv. For Processing	0	17000	0	16683	0	15269
TOTAL Area Harvested	0	18400	0	18183	0	16769
Fresh Sale Production	0	155369	0	155000	0	155000
Processing Production	0	987883	0	996526	0	854656
TOTAL Production	0	1143252	0	1151526	0	1009656
TOTAL SUPPLY	0	1143252	0	1151526	0	1009656

**PS&D, Tomato Paste**

PSD Table						
Country	Portugal					
Commodity	Tom. Paste,28-30% TSS Basis				(MT)(MT, Net Weight)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Deliv. To Processors	952706	952706	956775	956775	925000	821750
Beginning Stocks	7500	7500	25000	25000	32000	36000
Production	169342	169342	170471	170471	160000	155955
Imports	0	0	0	0	0	0
TOTAL SUPPLY	176842	176842	195471	195471	192000	191955
Exports	123401	123401	125000	114349	125000	125000
Domestic Consumption	28441	28441	38471	45122	37000	41955
Ending Stocks	25000	25000	32000	36000	30000	25000

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TOTAL DISTRIBUTION	176842	176842	195471	195471	192000	191955
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**Trade Matrix, Tomato Paste**

Export Trade Matrix			
Country	Portugal		
Commodity	Tom.Paste,28 -30% TSS Basis		
Time period	July-June	Units:	MT
Exports for:	1998		1999
U.S.	2704	U.S.	120
Others		Others	
United Kingdom	31336	United Kingdom	36582
Netherlands	12484	Netherlands	13786
Germany	10089	Germany	11280
France	8500	France	6369
Spain	7012	Ireland	6256
Ireland	6299	Sweedn	5236
Sweden	4948	Spain	5036
Other EU	10051	Other EU	6291
Japan	11223	Japan	12099
Kuwait	2074	Kuwait	4550
Total for Others	104016		107485
Others not Listed	16681		6744
Grand Total	123401		114349