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Turkey

Tomatoes and Products

Annual

2005

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Report Highlights:
MY 2005 fresh tomato (table and industrial) production is projected at 9.5 MMT. MY 2005 tomato paste production is expected to be 260,000 MT. Minor declines in both commodities are due to a decline in industrial tomato production. MY 2004 exports of fresh tomatoes are expected to remain the same as in MY 2003 (263,000 MT). Tomato paste exports, however, are expected to decline to 165,000 MT due to Turkey's loss of competitiveness in international markets due to a relatively strong Turkish Lira.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

MY 2004 total tomato production is expected to decline to 9.5 MMT due to the decline in industrial tomato production. Farmers, who were offered the same price for industrial tomatoes during the last two years despite the ten percent annual inflation and increased cost of fuel and fertilizer, switched to crops with better returns such as corn and wheat and planted fewer industrial tomatoes. Turkish MY 2005 tomato paste production will decline to 260,000 MT compared to 270,000 MT in MY 2004 due to processors not willing to increase production due to low world paste prices.

According to official statistics, Turkey exported 103,000 MT of fresh tomatoes and 118,000 MT of tomato paste during the first seven months of MY 2004. Russia (38,000 MT) and Saudi Arabia (23,000 MT) were the leading markets for fresh tomato exports. While Iraq (16,000 MT) emerged to be the leading market for Turkish tomato paste exports, Russia (13,000 MT), Saudi Arabia (12,000 MT) and Japan (12,000 MT) continue to be important markets. MY 2004 year-end exports are expected to decline to 165,000 compared to 185,000 MT in MY 2003 due to the over-valued Turkish Lira preventing Turkish processors from effectively competing in international markets. China and Iran are reportedly competing with Turkish processors in Far Eastern and The Middle East markets.

Industry sources indicated that Turkish annual tomato paste exports will remain about 150,000 MT and cannot reach 200,000 MT until the Turkish Lira fluctuates and loses value against other competitors in the export market.

Production

MY 2005 total tomato production (table/fresh and industrial) is estimated to be about 9.5 million tons compared to 9.6 in MY 2004 and 9.8 in MY 2003. The decline in total production is due to the decline in industrial tomato production during the last two years. Lower than expected prices for industrial tomatoes and better returns for alternative crops such as corn and wheat in industrial tomato growing regions are reasons for the decrease.
MY 2005 tomatoes are currently at the planting stage and recent rains reportedly benefited the crop. Tomatoes are grown throughout Turkey, but the bulk of production is concentrated in the Marmara and Aegean regions where climatic conditions are nearly ideal. Recent trends in tomato production include increased greenhouse production in southern Turkey for fresh consumption in urban areas and export markets during the winter.

Tomatoes produced for processing comprise about 25 percent of Turkey's total production, while the remainder is destined for fresh consumption. Processing tomatoes are grown mainly in the townships of Balikesir and Canakkale in the Marmara region, Bergama and Turgutlu of the Aegean region and in newly emerging areas of Tokat of Central Anatolia, where the processing industry is located.

Wide varieties of fresh and industrial tomatoes are grown in Turkey. There are about four hundred fresh tomato seed varieties and sixty industrial seed varieties that were approved by the Ministry of Agriculture. Sabrina, Dalmone, Gigante and Fantastic 144 are some of the leading fresh varieties and New Crimson, Delicious Red, Bonanza and Rio Grande are among the leading industrial varieties.

Tomato production is labor intensive and the bulk of production occurs on small, family farms. Most planting continues to be done by hand. Seedlings are started around mid-March and are transplanted after the danger of frost has passed. Harvest of early varieties begins in late July, with the peak harvest occurring around mid-August. Growers generally begin to pick the crop when half of the field is ripe. Since all harvesting is done by hand, three or even four pickings are possible. Depending on the weather, hand picking can extend the harvest until early October. About eighty percent of the processing tomato crop is grown under commercial contract mainly with the larger tomato processors. The remaining twenty percent of the crop is grown independently for smaller processors, who generally do not contract, as well as to supply the home processing market.

Prices
(Current exchange rate is approximately: USD 1 = TL 1,400,000)

For 2005, industrial tomato processors are reportedly offering TL 100,000 per kilogram delivered to the factory. The price offered to farmers has remained the same for the last two years despite the ten percent annual inflation rate. Farmers are reportedly upset with the prices and are switching to other crops. Processors are giving technical assistance to farmers to use drip-irrigation to increase their yield per hectare and make industrial tomato production more attractive.

Canned tomato paste currently retails for about TL 2,200,000 per kilogram, which remains unchanged over the last two years despite the ten percent annual domestic inflation. Processors and retailers benefiting from lower interest rates, down to 12 percent from 42 percent two years ago, were able to keep prices as they were.

Consumption
About 75 percent of the Turkey's total tomato production is consumed fresh and the remainder is processed. Of the 25 percent of the crop that is processed, about 85 percent is used to produce tomato paste, 10 percent is utilized for canned tomatoes, and the remainder is used for catsup, tomato juice, dried tomatoes and other products. Total (nominal) tomato paste production capacity is estimated at about 500,000 MT, assuming three shifts and a 60-day harvest. However, hot summer weather often shortens the harvest, reducing actual capacity to about 375,000 MT.

There are about 45 firms in the industry, with seven or eight large firms (average annual tomato paste production of 15,000-20,000 MT) accounting for about seventy percent of total tomato paste production. Most large firms can process 2,000-3,000 MT of tomatoes daily. The industry products yield (tomatoes to paste) is estimated at about 6 kilograms of tomatoes for 1.0 kilogram of paste.

Commercial tomato paste production for MY 2005 is projected to be 260,000 MT, about four percent less than last year. An over-valued Turkish Lira, competition from other producing nations and low world prices has forced processors to adopt a cautious approach and cut production. In addition to commercial production, about 5,000 MT of tomato paste is produced at home.

Turkey also produces processed tomatoes of which 95 percent are diced tomatoes and the rest are whole, peeled tomatoes. MY 2005 canned tomato production is expected to continue to increase and reach 35,000 MT (net weight basis) due to increased export demand.

Trade
Turkish fresh tomato exports in MY 2003 were 263,000 MT and MY 2004 exports are expected to be about the same. Russia and Saudi Arabia are the leading markets for Turkish fresh tomato exports - combined exports constitute about 70 percent of the annual total exports.

MY 2004 tomato paste exports are now estimated to be about 165,000 MT compared to 185,000 MT in MY 2003. A stronger Turkish Lira and competition of other tomato paste producing countries were the main reasons the decline. Exports during the first seven months of the MY 2004 were 118,000 MT and Iraq emerged to the leading importer.

The tomato paste industry is very dependent on exports. Russia, Saudi Arabia and Japan continue to be the leading export markets for Turkish tomato paste producers. Other traditional markets such as Iraq and Algeria are becoming important customers again while their economies and political situations stabilize. Turkey is continuing to face increasing competition of China and Iran in these and other export markets. While China is competitive in the Far Eastern market, Iran competes with Turkish paste exports in the Middle East and Central Asia.

The E.U. is not permitting Turkey to utilize its 30,000 MT tariff rate quota since 1997 due to a dispute over E.U. meat exports to Turkey. Out-of-quota exports are subject to 14.4 percent duty.

Turkey also exports the majority of its annual 35,000 MT of diced tomato production. The E.U. continues to be the leading export market. The E.U. allows Turkey to utilize 8,400 MT of its tariff rate quota of diced tomatoes but exports above the quota are subject to 14.4 percent import tax.

The current Turkish tomato paste FOB export price is about USD 675 Per MT.

Stocks
There are no official statistics on stocks for tomato and tomato products. Industry sources estimate the 2004 marketing year-end stocks at about 22,000 MT.

Policy

The Agricultural Bank of Turkey is no longer able to provide subsidized loans to agricultural producers and the government does not support prices or otherwise assist tomato production. All production and domestic and international marketing is handled by the private sector. The GOT indirectly supports tomato paste exports by US$ 68 per ton as a form of tax deduction. If the tomato paste is produced under a contract with farmers, an additional 40 percent (USD 26) is added to support of which 32 percent of it is given to the farmers and 8 percent to the processors.

Import policy

According to the 2005 customs regime fresh tomato and tomato paste imports are subject to 19.5 and 135.9 percent imports taxes respectively.

PSD Table Turkey						
Fresh Tomatoes (HA)(MT)						
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		09/2003		09/2004		09/2005
Plnt For Fresh Consump	0	157400	0	156000	0	156000
Plnt For Processing	0	38600	0	36000	0	34000
TOTAL Area Planted	0	196000	0	192000	0	190000
Harv. For Fresh Cons.	0	157400	0	156000	0	156000
Harv. For Processing	0	38600	0	36000	0	34000
TOTAL Area Harvested	0	196000	0	192000	0	190000
Fresh Sale Production	0	7870000	0	7800000	0	7800000
Processing Production	0	1930000	0	1800000	0	1700000
TOTAL Production	0	9800000	0	9600000	0	9500000
TOTAL SUPPLY	0	9800000	0	9600000	0	9500000

Export Trade Matrix

Country	Turkey		
Commodity	Fresh Tomatoes		
Time Period	Sept/Aug	Units:	Metric Tons
Exports for:	MY 2003		**MY 2004**
U.S.		U.S.	
Others		Others	
Russia	123475	Russia	38487
Saudi Arabia	51928	Saudi Arabia	23385
Romania	15805	Romania	5929
Serbia	12582	Germany	5540
Germany	7782	Greece	4100
Greece	7431	France	2946
France	6450	Netherlands	2878
Moldova	6210	Moldova	2266
Bosnia	3808	Bulgaria	2080
Austria	3547	Serbia	1872
Total for Others	239018		89483
Others not Listed	23825		13693
Grand Total	262843		103176

PSD Table Turkey						
Tomato Paste,28-30% TSS Basis (MT)(MT, Net Weight)						
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		09/2003		09/2004		09/2005
Deliv. To Processors	1930000	1930000	1800000	1800000	0	1700000
Beginning Stocks	4369	4369	44369	29446	21869	21946
Production	320000	320000	260000	270000	0	260000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	324369	324369	304369	299446	21869	281946
Exports	170000	184923	170000	165000	0	155000
Domestic Consumption	110000	110000	112500	112500	0	115000
Ending Stocks	44369	29446	21869	21946	0	11946
TOTAL DISTRIBUTION	324369	324369	304369	299446	0	281946

Export Trade Matrix

Country Turkey

Commodity Tomato Paste,28-30% TSS Basis

Time Period	Sept/Aug	Units:	Metric tons
Exports for:	MY 2003		**MY2004**
U.S.	200	U.S.	517
Others		Others	
Russia	32919	Iraq	16021
Japan	23302	Russia	13561
Saudi Arabia	20205	Japan	12675
Algeria	17018	Saudi Arabia	12624
Germany	12043	Algeria	10725
Iraq	8207	Romania	5876
Sudan	5385	Germany	5493
Kuwait	5385	Philippines	5421
Oman	4555	Kuwait	3916
Romania	3485	Sudan	3576
Total for Others	132504		89888
Others not Listed	52219		27636
Grand Total	184923		118041