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Turkey

Tomatoes and Products

Annual

2006

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Report Highlights:
MY 2006 fresh tomato (table and industrial) production is projected to be 9.9 MMT. MY 2006 tomato paste production is expected to decline to 250,000 MT. A minor decline in both commodities is due to a decline in industrial tomato production. Exports of fresh tomatoes continue to increase in MY 2005, reaching 250,000 MT. Tomato paste exports, however, are expected to decline to 160,000 MT due to the strong Turkish lira and competition from other producers, such as China and Iran.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Ankara [TU1]
[TU]

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Executive Summary

MY 2005 total tomato production is now estimated to be about 10 MMT, up about six percent compared to a year ago due to increase in fresh tomato production. In MY 2006, however, total tomato production is forecast to decline to 9.9 MMT due to the decline in industrial tomato production. Farmers who were offered twenty percent less than last year's price for industrial tomatoes despite the eight percent annual inflation and increased cost of fuel and fertilizer, switched to crops with better returns, such as red peppers and corn and planted fewer industrial tomatoes. Cooler than usual and rainy weather in the leading industrial tomato regions delayed planting and made crop vulnerable to possible bad weather in October. Turkish MY 2006 tomato paste production is expected to decline about seven percent to 250,000 MT compared to 270,000 MT in MY 2005 due to low world tomato paste prices of the last few years.

The official statistics show that Turkey exported 250,000 MT of fresh tomatoes in MY 2005, up about six percent compared to a year ago. Russia (99,000 MT), Romania (27,000 MT) and Saudi Arabia (23,000 MT) continued to be the leading markets for Turkish fresh tomatoes. Turkish tomato paste exports during the first seven months of the marketing year remained at around 77,000 MT due to the over-valued Turkish Lira preventing Turkish processors from effectively competing in international markets. Iraq (15,000 MT) remained the leading market for Turkish tomato paste exports. Japan (13,000 MT), Saudi Arabia (6,500 MT) and Russia (3,500 MT) are still important markets for Turkish paste exports. The sudden devaluation of the Turkish Lira against the major currencies during first two weeks of May 2006 is expected to help Turkish paste exports reach the year-end target of 160,000 MT.

Production
MY 2006 total tomato production (table/fresh and industrial) is expected to decline slightly to 9.9 MMT compared to 10 MMT of MY 2005. The decline in total production is due to the decline in industrial tomato production during the last three years. Lower than expected prices for industrial tomatoes and better returns for alternative crops such as red peppers and corn in industrial tomato growing regions are reasons for the decrease.

MY 2006 industrial tomatoes are currently at the planting stage and cooler than usual weather and on-going rains delayed the planting for two weeks. A late planting will shorten the season and make the crop vulnerable to October weather conditions that might prevent third picking and affect total yield. Tomatoes are grown throughout Turkey, but the bulk of production is concentrated in the Marmara and Aegean regions where climatic conditions are nearly ideal. The greenhouse fresh tomato production in the southern part of Turkey is increasing to meet the demand from the urban areas and the export markets in winter.

Tomatoes produced for processing comprise about 20 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 in the Aegean region and also in newly emerging areas of Tokat in Central Anatolia, where the processing industry is located. Processors are searching for new production areas due to the decrease in yields in the traditional industrial tomato growing regions.

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 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 = YTL 1.5)

For 2006, industrial tomato processors are reportedly offering YTL 80 per kilogram delivered to the factory. The price offered to farmers has remained the same for the last two years despite the eight percent annual inflation rate. Farmers are reportedly upset with the prices and are either switching to other crops or producing industrial tomatoes without a contract with the expectation of price increases at the end of the season. 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 YTL 2.20 per kilogram, which also remains unchanged over the last two years despite the eight 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.

PSD, Fresh Tomatoes

Turkey Fresh Tomatoes (HA) (MT)						
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2004		01/2005		01/2006
Plnt For Fresh Consump	151000	151000	157300	157300	0	163000
Plnt For Processing	38000	38000	36700	36700	0	35000
TOTAL Area Planted	189000	189000	194000	194000	0	198000
Harv. For Fresh Cons.	151000	151000	157300	163500	0	163000
Harv. For Processing	38000	38000	36700	37200	0	35000
TOTAL Area Harvested	189000	189000	194000	200700	0	198000
Fresh Sale Production	7530000	7530000	7865000	8190000	0	8150000
Processing Production	1910000	1910000	1835000	1860000	0	1750000
TOTAL Production	9440000	9440000	9700000	10050000	0	9900000
TOTAL SUPPLY	9440000	9440000	9700000	10050000	0	9900000

PSD, Tomato paste

Turkey Tomato Paste, 28-30% TSS Basis (MT) (MT, Net Weight)						
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		09/2004		09/2005		09/2006
Deliv. To Processors	1800000	1750000	1700000	1700000	0	1500000
Beginning Stocks	29446	29446	21946	13756	11946	8756
Production	270000	280000	260000	270000	0	250000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	299446	309446	281946	283756	11946	258756
Exports	165000	183190	155000	160000	0	140000
Domestic Consumption	112500	112500	115000	115000	0	115000
Ending Stocks	21946	13756	11946	8756	0	3756
TOTAL DISTRIBUTION	299446	309446	281946	283756	0	258756

Consumption

About 80 percent of Turkey's total tomato production is consumed fresh and the remainder is processed. Of the 20 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 ketchup, tomato juice, dried tomatoes and other products. Total (nominal) tomato paste production capacity is estimated at about 500,000 MT, assuming three shifts per working day 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 with an 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 industrial products yield (tomatoes to paste) is estimated at about 6 kilograms of tomatoes for 1 kilogram of paste.

Commercial tomato paste production for MY 2006 is projected to be 250,000 MT, about seven 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 90 percent are diced tomatoes and the rest are whole, peeled tomatoes. MY 2006 canned tomato production is expected to remain about 30,000 MT (net weight basis) due to increased competition in export markets.

Trade

MY 2005 Turkish fresh tomato exports were 250,000 MT, up from 235,000 MT of MY 2004. Russia, Romania and Saudi Arabia continue to be the leading markets for Turkish fresh tomato exports - combined exports constitute about 61 percent of the annual total exports. Turkey also exported 47,000 MT of fresh tomatoes during the first three months of MY 2006 - Russia was the leading buyer receiving two thirds of the exports.

MY 2005 tomato paste exports are now estimated to be about 160,000 MT compared to 183,000 MT in MY 2004. A stronger Turkish Lira and competition of other tomato paste producing countries were the main reasons for the decline. Exports during the first seven months of the MY 2005 was about 77,000 MT, compared to 118,000 MT during the same period in MY 2004. Iraq continues to be the leading importer.

Turkey continues to export the majority of its paste production. While Iraq and Algeria re-emerged as important customers, Japan, Saudi Arabia and Russia, continue to be the leading export markets for Turkish tomato paste. Turkey continues to face increasing competition from China and Iran in these and other export markets. While China is competitive in the Far East market, Iran competes with Turkish paste exports in the Middle East and in Central Asia.

Since 1997, Turkey is not permitting tariff rate quota meat imports from the E.U. in accordance with the mutual agricultural trade concessions agreement and in return, the E.U. is not allowing Turkey to utilize its 30,000 MT tariff rate export quota for tomato paste. Out-of-quota exports to E.U. are subject to 14.4 percent duty.

The strong Turkish currency seems to have also adversely affected canned diced tomato exports since production fell to 25,000 MT in MY 2005 compared to 35,000 in MY 2004. Despite the downfall in exports, the E.U. continues to be the leading export market for

Turkish diced tomatoes. 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 lack of paste world wide moved prices up and Turkish tomato paste FOB export price increased to USD 750 Per MT compared to USD 675 Per MT of last year.

Export TM, Fresh tomatoes

Export Trade Matrix

Country	Turkey		
Commodity	Fresh Tomatoes		
Time Period	Jan/Dec	Units:	Metric tons
Exports for:	CY 2004		**CY 2005**
U.S.		U.S.	
Others		Others	
Russia	125754	Russia	102108
S. Arabia	33406	Romania	28008
Romania	17733	S. Arabia	22964
Serbia	12264	Moldova	10553
Greece	8494	Bosnia	10063
Moldova	6642	Serbia	9343
Germany	4229	Germany	6870
Bosnia	3514	Belarus	6065
Macedonia	3126	Greece	5390
France	3177	Slovenia	4992
Total for Others	218339		206356
Others not Listed	17024		43076
Grand Total	235363		249432

Time Period	Jan/March
Exports for:	CY 2006
U.S.	
Others	
Russia	30565
Romania	3765
Moldova	2109
Bulgaria	1945
Germany	818
Belarus	818
Albania	770
Macedonia	741
Hungary	696
Netherlands	685
Total for Others	42911
Others not Listed	4560
Grand Total	47471

Export TM, Tomato Paste

Export Trade Matrix

Country	Turkey		
Commodity	Tomato Paste, 28-30% TSS Basis		
Time Period	Sept/Aug	Units:	Metric tons
Exports for:	MY 2004		**MY 2005**
U.S.	675	U.S.	122
Others		Others	
Iraq	28258	Iraq	15176
Japan	21880	Japan	13571
Saudi Arabia	20164	S. Arabia	6667
Russia	19251	Russia	6300
Algeria	12661	Romania	5852
N. Cyprus	7960	Algeria	4766
Romania	6835	Germany	3788
Philippines	5695	Oman	3740
Kuwait	4255	Sudan	1874
Oman	3810	Malaysia	1795
Total for Others	130769		63529
Others not Listed	51746		13466
Grand Total	183190		77117

Stocks

There are no official statistics on stocks for tomato and tomato products. Industry sources estimate the 2005 marketing year-end stocks at about 8,000 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

Turkish 2006 import regime did not change the import tax levels for fresh tomatoes and paste. Accordingly, fresh tomato and tomato paste imports are subject to 48.6 and 135.9 percent import taxes, respectively.