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Italy

Tomatoes and Products

Tomato Annual Report

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Prepared by:

Elizabeth Berry

U.S. Embassy Rome

Drafted by:

Franco Regini

Report Highlights:

Total Italian tomato production for 1998 is estimated at 6,172,000 tons, 15% more than in 1997 and a record level for Italy. Despite the record amount of tomatoes processed, Italian output of tomato products in 1998 was below the record level of 1996 due to unfavorable weather conditions that negatively affected the quality of raw product delivered to processors. Italian exports of all tomato products increased in 1997/98 and are forecast to increase further in 1998/99.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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SECTION I. SITUATION AND OUTLOOK

Total Italian tomato production for 1998 is estimated at 6,172,000 MT, 15% more than in 1997 and a record level for Italy. The amount allocated to fresh consumption is estimated at 1,800,000 tons while tomatoes delivered to processors amounted to 4,372,000 MT (official data from Ministry of Agriculture). Forecasts for 1999 predict an increase to 6.2 million MT, because European Union subsidies continue to push the cultivation of tomatoes for processing.

Despite the record amount of tomatoes processed, Italian output of tomato products in 1998 was below the record level of 1996 due to unfavorable weather conditions that negatively affected the quality of raw product delivered to processors.

The breakdown of the production is as follows:

Tomato paste: 330,000 tons

Canned tomatoes: 1,650,000 tons

Tomato sauce: 47,000 tons

For 1999 Italian output of tomato products is forecast to grow due to an increase in the processing quota set by the European Union for Italy, assuming that weather conditions will be favorable. Italian exports of all tomato products increased in 1997/98 and are forecast to increase further in 1998/99. Most of Italian paste exports are low quality products and suffer from competition from low cost producing countries such as Tunisia, Algeria, Turkey and China. Most of the Italian canned tomato products are whole tomatoes. This is a typical Italian tomato product and has few competitors on the international market. Regarding other tomato products, the Italian tomato industry continues to invest a lot of energy to create new high quality products, such as sauces. Several Italian pasta producers have launched new tomato sauces using their brandnames which are already well known on the domestic market.

PRODUCTION

Fresh Tomatoes

Italian output of tomatoes for fresh consumption in 1998 remained stable at 1,800,000 tons.

However, despite unfavorable weather conditions, Italian output of tomatoes for processing was even higher than the record level reported in 1996 and exceeded the quota set by the European Union for Italy (3.472 million tons) by 26 percent. Despite a production quota, EU subsidies to growers and processors encourage the cultivation of tomatoes for processing.

In fact, area planted for processing tomatoes also increased in 1998. Most of the Italian processing tomato production is located in southern Italy, especially in the Apulia region.

The average quality of the raw product in southern Italy was poor due to high temperatures that negatively affected tomato crops during the summer 1998.

“San Marzano” and similar varieties types are the main tomatoes cultivated in southern Italy and are mainly channeled to whole canned tomato production. Other round shaped tomato varieties, such as “Roma”, are cultivated both in northern and southern Italy and are used for all other tomato products. Most of the round shaped tomatoes are harvested mechanically whereas “San Marzano” tomatoes are harvested by hand. Tomatoes for fresh consumption are cultivated all over Italy but especially in the south where tomato planted area in green houses is growing, particularly in Sicily. Small family garden production represents an important share of the national tomato production for fresh consumption output.

Tomato Products

Out of the 4.372 million tons of tomatoes delivered to processors in 1998, 2.204 million tons were used for canned tomatoes and 2.168 million tons for tomato paste.

Total processed product for FY 1998/99 is as follows:

Tomato Paste (concentrate with 26 percent average tomato solids): 330,000 tons

Canned tomatoes: 1,650,000 tons of which:

953,000 tons of whole canned tomatoes.

697,000 tons of other canned tomatoes, mainly crushed and chopped.

Tomato Sauce: 47,000 tons.

The fresh tomato paste ratio used was 6.5 (6.5 kilos of fresh tomatoes for 1 kilo of paste). The ratio for canned tomatoes was 1.3 (1.3 kilos of fresh tomatoes for 1 kilo of canned tomatoes). No official data for tomato sauce output exists. Since tomato sauce is produced using crushed tomatoes and paste, figures were calculated using processed tomato data supplied by Ministry of Agriculture and figures provided by trade and producer contacts.

Despite the record amount of tomatoes processed, Italian output of tomato products in 1998 was lower than expected because the quality of raw material produced in southern Italy was very poor due to unfavorable weather conditions .

In 1997, a significant drop in the total output of Italian tomato products was due to a poor supply of fresh tomatoes. Italian production of tomato sauce is gradually increasing, responding to consumer preference for convenience foods.

For 1999 Italian output of tomato products is forecast to grow due to an increase in the processing quota set by the European Union for Italy (3.537 million tons), assuming that weather conditions will be favorable.

CONSUMPTION

Fresh Tomatoes

In Italy, fresh tomatoes are mainly used to prepare salads or home-made sauces for pasta. No official data exist for tomatoes used for fresh consumption, because a good share of total output is produced in family gardens. Fresh tomato consumption is considered to be stable. However, the use of fresh tomatoes to prepare sauces at home should decline slightly due to competition from new processed tomato products.

Tomato Products

While Italian consumption of tomato paste remains stable, consumption of canned tomatoes other than whole tomatoes increased slightly in 1997 to 850,000 tons and more significantly in 1998 to 870,000 tons. The trend should remain positive for 1999. Consumption of tomato paste includes utilization by the canning industry to prepare other tomato products such as crushed tomatoes and sauce. Tomato sauce consumption continues to increase as consumers' preference for convenience food grows.

TRADE

Italian exports of all tomato products increased in 1997/98 and are forecast to increase in 1998/99. In fact, Italian tomato products are quite competitive on the international market, especially Italian canned tomatoes, and the demand remains strong. Most of the Italian paste exports are low quality products exported mainly to developing countries. Italian paste producers fear competition from non-traditional producing countries, such as Tunisia, Algeria and Turkey, where production costs are much lower. Tomato paste produced in China is also very competitive because of its good quality (i.e. it is much sweeter than Turkish tomato paste). During calendar year 1998, 70 percent of the Italian canned tomato exports were whole tomatoes. This represents the traditional Italian tomato products and has very few competitors on the international market.

POLICY

The EU increased the Italian quota of tomatoes for processing by 1.9 percent. Starting from 1999/2000 Italian processors will receive subsidies for 3.54 million tons of tomatoes (presently the quota is 3.47 million tons). The EU also increased quotas of other producing member countries. The total EU quota of subsidized tomatoes will be 6.84 million tons (Italian quota is 52% of the total).

PRICES

The EU minimum prices for the 1998/99 marketing year are as follows:

Tomato paste:	9.007 ECU (17,917 Lire)/100 kg
San Marzano variety:	15.026 ECU (29,660 Lire)/100 kg
Roma variety:	11.559 ECU (22,816 Lire)/100 kg

The EU processing subsidies for 1998/99 are as follows:

Tomato paste: 24.412 ECU (48,187 Lire)/100 kg
San Marzano variety: 9.276 ECU (18,310 Lire)/100 kg
Roma variety: 5.561 ECU(10,977 Lire)/100 kg

1998 Exchange rate ECU/Lira: 1 ECU= 1,973 Lire

1998 Average Exchange rate US Dollar/Italian Lire: 1,736

Processing subsidies for 1998/99 have been significantly reduced from 1997/98. Minimum prices remain stable.

Presently average prices for Italian tomato products sold on the domestic and EU markets are as follows:

Whole tomatoes, 3 kg. can: 50 US cents/Kg. on plant

Crushed tomatoes, 700 grams can: 55 US cents/Kg. on plant

Tomato paste, 3 kg. can: 85 US cents/Kg. on plant.

MARKETING

The Italian tomato product industry is still not very concentrated. In Italy 240 tomato processors exist, and the major 5 companies only have a 15% share of the market. Even though traditional tomato products, such as paste and whole tomatoes continues to represent a significant share of the Italian market and especially of Italian exports, the Italian tomato industry continues to invest in new tomato products.

After chopped and crushed tomatoes, new products such as “arricchite” (crushed tomatoes enriched with flavor and spices) and several kinds of tomato sauces have been launched on the market.

New packages have been introduced in order to increase the value of products and create “specialty” products.

Several Italian pasta companies introduced new tomato sauces on the market using their brand names, which are already familiar to consumers and distributors.

TARIFF TABLE

Import duty for tomato paste and canned tomatoes:

From 1/1/to 6/30: 15.6% From 7/1 to 12/31: 15%

Import duty for tomato sauce and ketchup:

From 1/1/to 6/30: 13.1% From 7/1 to 12/31: 12.1%

SECTION II. STATISTICAL TABLES

PS&D FRESH TOMATOES

PSD Table						
Country:	Italy					
Commodity:	Fresh Tomatoes					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		07/97		07/98		07/99
Plnt For Fresh Consump	40000	40000	40000	40000	0	40000
Plnt For Processing	80000	80000	90000	85000	0	85000
TOTAL Area Planted	120000	120000	130000	125000	0	125000
Harv. For Fresh Cons.	38000	38000	38000	38000	0	38000
Harv. For Processing	75000	75000	85000	80000	0	80000
TOTAL Area Harvested	113000	113000	123000	118000	0	118000
Fresh Sale Production	1800000	1800000	1800000	1800000	0	1800000
Processing Production	3520000	3520000	4000000	4372000	0	4400000
TOTAL Production	5320000	5320000	5800000	6172000	0	6200000
TOTAL SUPPLY	5320000	5320000	5800000	6172000	0	6200000

PS&D TOMATO PASTE

PSD Table						
Country:	Italy					
Commodity:	Tom. Paste, 28-30% TSS Basis					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		07/97		07/98		07/99
Deliv. To Processors	1750000	1750000	2000000	2168000	0	2200000
Beginning Stocks	79000	79000	99000	99000	112000	115000
Production	280000	280000	300000	330000	0	335000
Imports	84000	84000	65000	60000	0	50000
TOTAL SUPPLY	443000	443000	464000	489000	112000	500000
Exports	270000	270000	280000	300000	0	310000
Domestic Consumption	74000	74000	72000	74000	0	74000
Ending Stocks	99000	99000	112000	115000	112000	116000
TOTAL DISTRIBUTION	443000	443000	464000	489000	112000	500000

PS&D CANNED TOMATOES

	Italy					
	Canned Tomatoes				(MT)(MT, Net Weight)	
		1997				
Deliv. To Processors	1770000	1770000	2000000	2204000	0	2200000
Beginning Stocks	233000	254000	48000	86000	215000	143000
Production	1350000	1350000	1700000	1650000	0	1700000
Imports	5000	8000	7000	7000	0	6000
TOTAL SUPPLY	1588000	1612000	1755000	1743000	215000	1849000
Exports	700000	676000	700000	730000	0	740000
Domestic Consumption	840000	850000	840000	870000	0	890000
Ending Stocks	48000	86000	215000	143000	215000	219000
TOTAL DISTRIBUTION	1588000	1612000	1755000	1743000	215000	1849000

TOMATO SAUCE

PSD Table						
Country:	Italy					
Commodity:	Tomato Sauce					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		07/97		07/98		07/99
Deliv. To Processors	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	45000	45000	47000	47000	0	49000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	45000	45000	47000	47000	0	49000
Exports	18000	18000	19000	18000	0	19000
Domestic Consumption	27000	27000	28000	29000	0	30000
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	45000	45000	47000	47000	0	49000

TRADE MATRIXES

Canned Tomatoes Exports

Export Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:			
Exports for	1997		1998
U.S.	27700	U.S.	33600
U.K.	181000	U.K.	191000
Germany	148000	Germany	138000
France	66500	France	69600
Belgium-Lux	27100	Belgium-Lux	35100
Japan	38600	Japan	49600
Canada	27600	Canada	16500
Switzerland	25700	Switzerland	17000
Others not listed	182800	Others not listed	138600
Grand Total	725000	Grand Total	706000

Canned Tomatoes Imports

Export Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:			
Exports for	1997		1998
U.S.	62	U.S.	69
Spain	4000	Spain	3700
		Portugal	2200
Others not listed	5281	Others not listed	2031
Grand Total	9350	Grand Total	8000

Tomato Paste Exports

Export Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:			
Exports for	1997		1998
U.S.	941	U.S.	4000
Others		Others	
Germany	53300	Germany	61000
France	23500	France	21800
U.K.	20000	U.K.	23900
Netherlands	15200	Netherlands	14900
Libya	9200	Libya	8000
		Russia	12900
Saudi Arabia	3900	Benin	15000
		Ghana	12900
Total for Others	125100		170400
Others not listed	122959		118600
Grand Total	249000		293000

Tomato Paste Imports

Import Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:			
Imports for	1997		1998
U.S.	12300	U.S.	20700
Others		Others	
Greece	25000	Greece	15100
China	18000	China	15400
Total for Others	43000		30500
Others not listed	22200		26400
Grand Total	77500		77600

Tomato Sauce Exports

Export Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:			
Exports for	1997		1998
U.S.	40	U.S.	130
Others		Others	
France	2000	France	2700
Germany	6400	Germany	7200
U.K.	2000	U.K.	3000
Switzerland	1800		
Others not listed	4260		5670
Grand Total	16500		18700

Tomato Sauce Imports

Import Trade Matrix			
Country:		Units:	Metric tons
Commodity:			
Time period:			
Imports for	1997		1998
U.S.		U.S.	
Others		Others	
Total for Others	0		0
Others not listed			
Grand Total	0		0