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Global Agricultural Information Network

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Italy Tomatoes and Products Report 2011

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Tomatoes and Products

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Report Highlights:

Italy is the world's third largest tomato producer and produces tomatoes throughout the year. Italy is forecast to produce 6 million metric tons (MMT) of tomatoes in MY 2011/12, of which 1 MMT will be consumed fresh and the remaining 5 MMT will be processed. Italy is a major exporter of processed tomato concentrate.

General Information:

According to World Processing Tomato Council (WPTC) data, the United States and China account for more than 50 percent of world tomato production (approximately 42 million tons). Italy's tomato production in MY 2010/11 was 5.5 million MT, ranking as the world's third largest producer. Generally, conditions in Italy allow for production of tomatoes throughout the year. However, the bulk of the processing takes place between the months of July and December. The cultivation of processed tomatoes is possible in many parts of Italy, but mainly in the regions of Puglia, Emilia-Romagna, and Campania. Growing conditions vary substantially between the different regions.

In the south, water is plentiful, but expensive to use. Many farms utilize drip systems or sprinklers. Farm sizes range from ten hectares to several hundred hectares. Growers have set up cooperatives, which are part of larger producer organizations, whose main task is to make joint offers, sign contracts with processing firms, supply seeds, fertilizers and other treatments, and own harvesters. Production in the north is completely mechanized and hybrids are predominantly used. The majority of the plantings are plug-seeding transplants. Direct seeding is rare and only used for the cultivation of paste tomatoes, which are sown with precision, machines using coated seeds. For peeling tomatoes, the acreage is planted with plug seedlings. Tomatoes for paste are all machine harvested, but those for the production of canned tomatoes are mostly harvested manually.

The Italian tomato processing industry produces passata, sauces, and pastes and, as in the United States, is entirely separate from the fresh-market industry. Specific characteristics differentiate the two types of tomatoes: fresh market varieties are juicier and harvested prior to being ripe, while processing varieties contain higher percentages of solids, are vine ripened, and typically have a thicker skin. Processed tomatoes are mainly produced on a contractual basis, with individual agreements between farmers and the industry. Each year producer associations and the Italian processing industry agree to a national fixed price. During MY2011/12, the fixed price was €88 per ton, which was an €18 per ton increase from the previous year.

Production

MY 2012/13 Italian tomato production is forecast at 6 MMT, of which 1 MMT will be fresh tomato and 5 MMT of tomatoes for processing. MY 2011/12 cultivated area for processed tomatoes was 67,586 hectares (Ha.), a 14.6 percent decrease from MY 2010/11. Despite a decrease in cultivated area, this year's harvest was good due to favorable weather conditions even though industry sources estimate a slight decrease in yields to around 70 MT/ha.

Consumption

Six out of ten Italian families have changed eating habits due to significant food price increases. According to ISTAT, the average Italian family spent €467 per month on food in 2010--a 1.2 percent increase from 2009. In 2010, Italian consumption of fruit and vegetables fell by almost 3.4 percent compared to 2009. Italians consume about 1 MMT of fresh tomatoes. Although Italians consume the

bulk of tomatoes as processed products, fresh tomato consumption is expanding along with consumption of other fresh produce. One of Europe's leading fruit and vegetable processors, Conserve Italia Group, is expanding their business in the fresh-cut sector.

Trade

Italy is both a major exporter and importer of tomato products, primarily because there is a tremendous amount of intra-industry trade. Italy imports a substantial quantity as inputs for further processing. After the United States China is a major source for these imports. Most of the tomato product Italy imports are reprocessed and re-exported. The 2004 labeling regulations (see discussion under Policy section), intended to favor domestic Italian production by identifying the source of the input tomato; have not resulted in any significant reduction of imports from China or elsewhere.

Italy is one of the world's leading exporters of processed tomato products, and in order to meet both domestic consumption requirements and a stable export demand, has increased imports. China's emergence as a high-volume, low-cost producer is being felt as traditional exporters are being displaced in global markets. Interestingly, China's largest paste market is Italy. Italy's fresh tomato sector in MY 2010/11 was valued at €116 million. Most of Italy's tomato exports are within the EU. In MY 2010/11, Italy imported 97,000 MT of tomatoes, a 27 percent decrease compared to 2009.

Italian Exports of Fresh Tomatoes

('000 MT)	2009	2010	Jan-Jul 2010	Jan-Jul 2011
EU	87	122	82	68
Germany	30	41	25	20
United Kingdom	9	12	7	6
Netherlands	6	10	8	5
France	5	9	6	4
Romania	3	7	5	6
Slovenia	6	6	4	4
Poland	3	5	3	3
Denmark	2	4	3	3
Austria	15	19	13	12
Extra EU	6	7	5	5
Switzerland	4	5	3	3
World	93	129	86	73

Source: Global Trade Atlas -GTA

Italian Imports of Fresh Tomatoes

			Jan-Jul	Jan-Jul

('000 MT)	2009	2010	2010	2011
EU	118	87	50	74
Netherlands	49	40	21	22
Spain	31	21	14	32
France	22	13	8	13
Germany	10	9	5	5
Extra EU	14	10	8	6
World	132	97	58	80
Israel	8	7	6	5

Source: Global Trade Atlas –GTA

Italian Exports of Prepared Tomatoes

('000 MT)	2009	2010	Jan-Jul 2010	Jan-Jul 2011
EU	1,017	1,161	665	707
Germany	332	374	215	220
United Kingdom	259	309	176	178
France	149	153	92	99
Extra EU	571	625	363	368
United States	79	93	51	56
Japan	88	91	35	56
Australia	50	65	41	56
Belgium	53	63	35	56
Netherlands	59	63	35	40
Switzerland	37	39	22	22
Libya	38	36	0	0
World	1,588	1,785	1,028	1,075

Source: Global Trade Atlas -GTA

Italian Imports of Prepared Tomatoes

('000 MT)	2009	2010	Jan-Jul 2010	Jan-Jul 2011
EU	28	32	13	16
Spain	14	21	10	9
France	2	6	2	2
Greece	11	3	0	3

Extra EU	157	147	82	90
China	82	115	66	68
United States	70	31	16	20
World	184	179	95	105

Source: Global Trade Atlas -GTA

Policy

Italy does not provide any national subsidies (other than EU Single Payment Scheme) for processing-tomato producers. MY 2011/12 was the first year the complete decoupling for processing-tomato support entered into force after a three-year transitional period during which partial decoupling (50%) was applied. The Italian tomato SPS budget is estimated at €183 million per year for the next three years. Approximately 75 percent of the aid will be delivered to 15 percent of the Italian farmers.

The tomato processing industry has recently agreed on a price with farmers in both the north and south of Italy for the MY 2011/12 crop. This price was set significantly higher than the previous year in order to balance the EU support “loss.” In order to remain competitive in international markets, Italian processors need to lower processing costs and direct production towards higher value added products. According to industry estimates, the €183 million in EU aid will only benefit approximately 1000 Italian companies. In Italy, about 6 thousand farms are eligible to receive decoupled aid. Seventy-five percent of Italian tomato production comes from large companies. This means that those companies that should receive the aid do not. In 2004, Italy implemented a labeling requirement in hopes of offsetting the growing increase of foreign imports.