TomatoEurope

PROCESSORS ASSOCIATION

Tomato World Conference
Piacenza – 30.11.17

TomatoEurope
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- European organisation of Tomato Industries
- Founded in 1979
- Representing the tomato processing industry from Italy, Spain, Portugal, Greece and France
- Private Industry and Cooperatives

National Associations in 5 main producing countries

ITALY

- ANICAV: Associazione Nazionale degli Industriali delle Conserve Alimentari Vegetali
- CONFCOOPERATIVE: Confederazione Cooperative Italiane

➢ **108** members

SPAIN

- AGRUCON: Agrupación española de Conservas Vegetales
- FENAVAL: Federación Nacional de Asociaciones de Transformados Vegetales y Alimentos Procesados
- CCAE: Cooperativas agro-alimentarias de España

➢ **22** members

PORTUGAL

- AIT: Association of Tomato Processors

➢ 7 members

GREECE

- PEK : Association des Conserveurs Grecs

➢ 10 members

France

- FIAC : Fédération des Industries des Aliments Conserves

➢ 6 members

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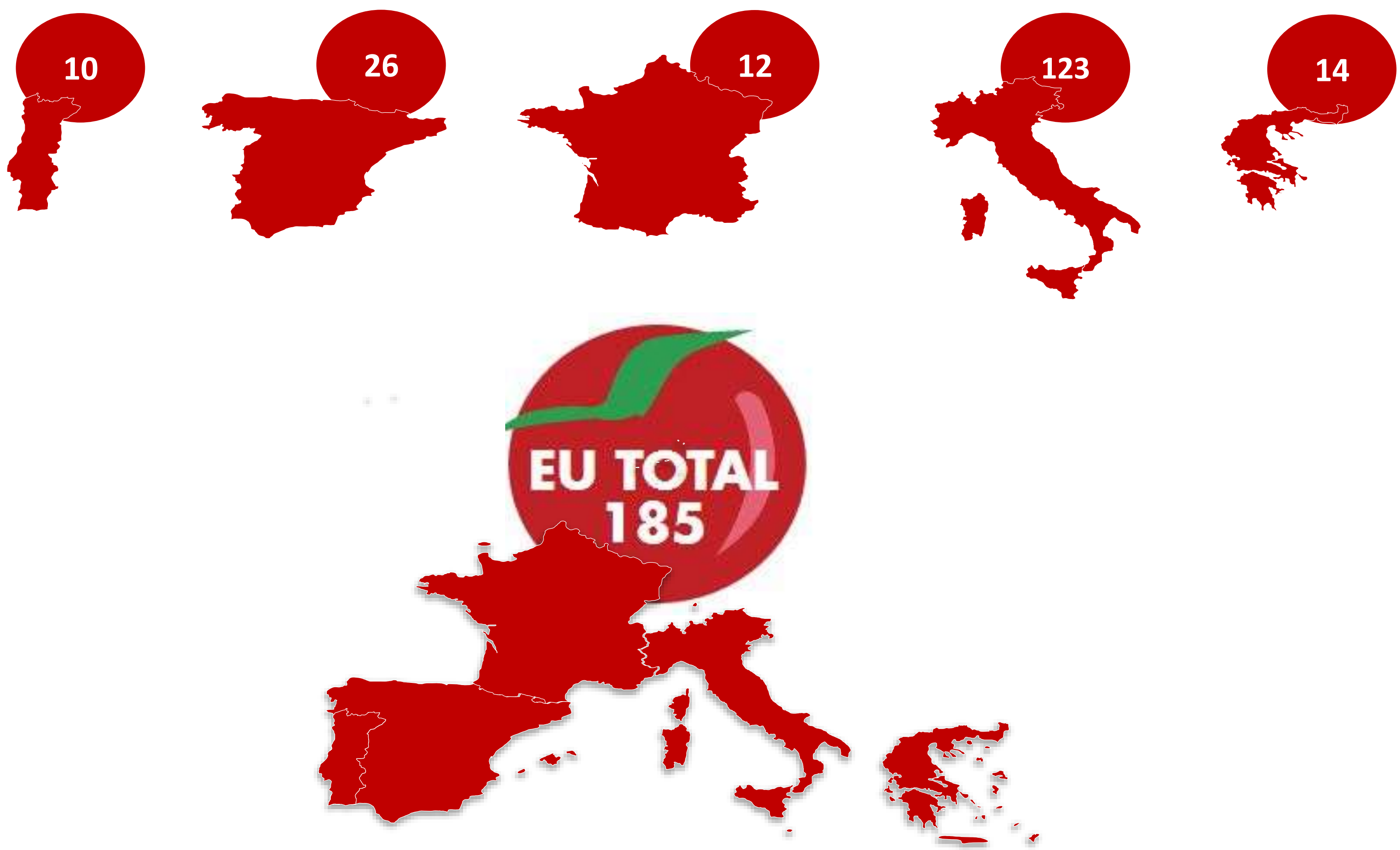
Total EU production facilities



Sector

- **TomatoEurope Membership: 153** production facilities out of 185 in the 5 main producing countries

- Transforming annually **9 million tons** of fresh tomatoes into tomato derivatives (1st and 2nd transformation)

- Equivalent to about **150 000 cultivated ha**.

- Providing direct employment for **22 816 people**

- Average **production** of (2015 - 2016):

  Italy: 5 250 mT
  Spain: 2 980 mT
  Portugal: 1 580 mT
  Greece: 470 mT
  France: 173 mT

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EU Tomato industry overview

EU Processing tomatoes Crop 2017 (x .000 tons)

(highlighted in yellow are members of Tomato Europe)

	2015 FINAL	2016 FINAL	FORECAST 1/06/2017	2017 FINAL	VARIATION 2017 vs 2016	AVERAGE 2014 - 2016	VARIATION 2016 vs average
Italy	5393	5180	5000	**5.200**	**0,4%**	5162	**0,7%**
Spain	3028	2950	3200	**3.300**	**11,9%**	2893	**14,1%**
Portugal	1660	1507	1650	**1.550**	**2,9%**	1455	**6,6%**
Greece	500	440	460	**400**	**-9,1%**	470	**-14,9%**
France	170	183	190	**175**	**-4,4%**	177	**-1,3%**
TOMATO EUROPE	10.751	10.260	10.500	**10.625**	**3,6%**	10.157	**4,6%**
Malta	9	8	8	**8**	**0,0%**	9	**-11,1%**
Bulgaria	60	40	50	**50**	**25,0%**	49	**2,0%**
Czech Republic	25	25	25	**25**	**0,0%**	23	**8,7%**
Hungary	105	105	100	**85**	**-19,0%**	68	**25,0%**
Poland	210	220	180	**175**	**-20,5%**	166	**5,4%**
Slovakia	20	20	20	**20**	**0,0%**	20	**0,0%**
Total EU	**11.180**	**10.678**	**10.883**	**10.988**	**2,9%**	**10.492**	**4,7%**

Iberian peninsula	**4.688**	**4.457**	**4.850**	**4.850**
% european production	**41,9%**	**41,7%**	**44,6%**	**44,1%**

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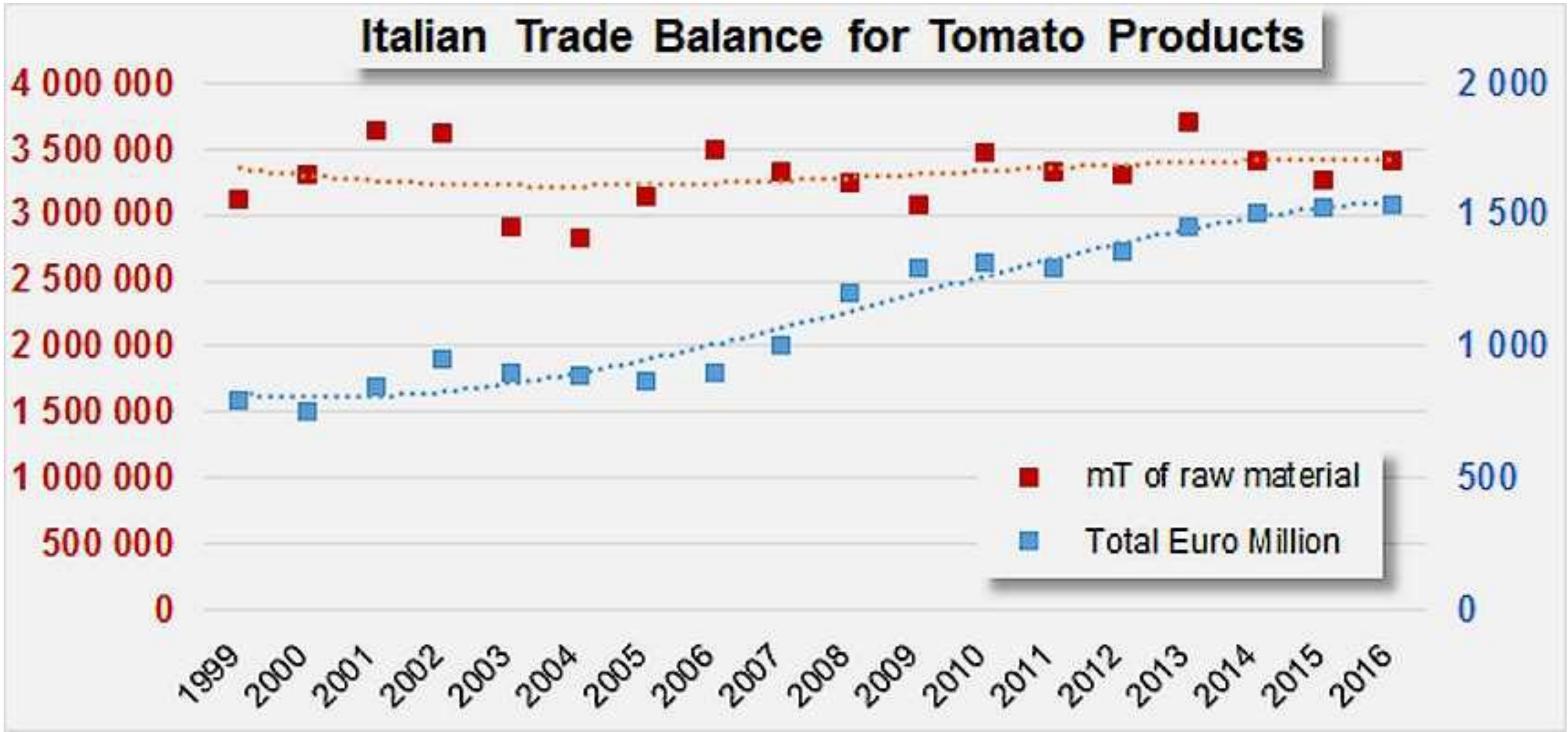

The volumes of raw materials mobilized by exports have slightly increased, whereas their value has progressed at a relatively consistent rate.

Source: Tomato News

Some highlights and takeaways

- Slow growth of the overall European tomato processing production, supported by Iberian production .

- Even drastic weather condition (drought and heat waves) that affected the cultivation during last summer 2017 had a very little influence on the final production outcome. An explanation may be an increase of the drip irrigation and new generation of varieties which may have developed a better resistance to high temperature. Final outcomes depend mainly on cultivated hectares and they are related also to affordable prices offered to the farmers

- Future goals: create added value with the same volumes of production - the case of Italian Export trend

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EU & world trends

WORLD PROCESSING TOMATO COUNCIL

2017 WPTC world production estimate of tomatoes for processing (in 1000 metric tonnes)

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Major producing countries and total 2017 world production (x.000 tons)

	2015 FINAL	2016 FINAL	FORECAST 1/06/2017	**2017 FINAL**	VARIATION 2017 vs 2016	AVERAGE 2014 - 2016	VARIATION 2017 vs average
California	13.025	11.470	10.700	9.520	-17,0%	12.401	-26,9%
China	5.600	5.150	5.500	5.600	8,7%	5.683	-1,5%
Italy	5.393	5.180	5.000	5.200	0,4%	5.162	0,8%
Spain	3.028	2.950	3.200	3.300	11,9%	2.893	12,7%
Turkey	2.700	2.100	2.000	1.850	-11,9%	2.200	-17,5%
Portugal	1.660	1.507	1.650	1.550	2,9%	1.455	5,8%
Brazil	1.300	1.450	1.400	1.450	0,0%	1.383	4,8%
Iran	1.350	1.150	1.500	1.200	4,3%	1.567	-24,4%
Chile	850	800	1.080	1.080	35,0%	820	24,1%
Ukraine	550	550	650	650	18,2%	523	19,5%
Tunisia	935	650	650	643	-1,1%	768	-19,3%
Algeria	500	550	500	600	9,1%	497	20,7%
Argentina	535	405	488	488	20,5%	444	9,1%
Canada	386	456	450	430	-5,7%	393	8,2%
USA excluding California	350	476	450	408	-14,3%	455	-10,5%
Russia	90	147	400	400	172,1%	107	73,3%
Greece	500	440	460	400	-9,1%	470	-15,2%
Others	2.622	2.641	2.394	2.382	-9,8%	2.670	-12,0%
WORLD	**41.374**	**38.072**	38.472	**37.151**	**-2,4%**	**39.784**	**-6,8%**

Europe vs World

	AVERAGE 2014 - 2016	2015 FINAL	2016 FINAL	FORECAST 1/07/2017	**2017 FINAL**	VARIATION 2017 vs 2016	VARIATION 2016 vs average
European Union	10.492	11.180	10.678	10.883	**10.988**	**2,9%**	4,7%
Other Countries	29.292	30.194	27.394	27.589	**26.163**	**-4,5%**	-10,7%
TOTAL	39.784	41.374	38.072	38.472	**37.151**	**-2,4%**	-3,3%
% UE	26,4%	27,0%	28,0%	28,3%	**29,6%**		

Some highlights and takeaways

- Crop 2017 represents a turning point for the market situation with the lowest output in the last 5 years: 37 M tons worldwide

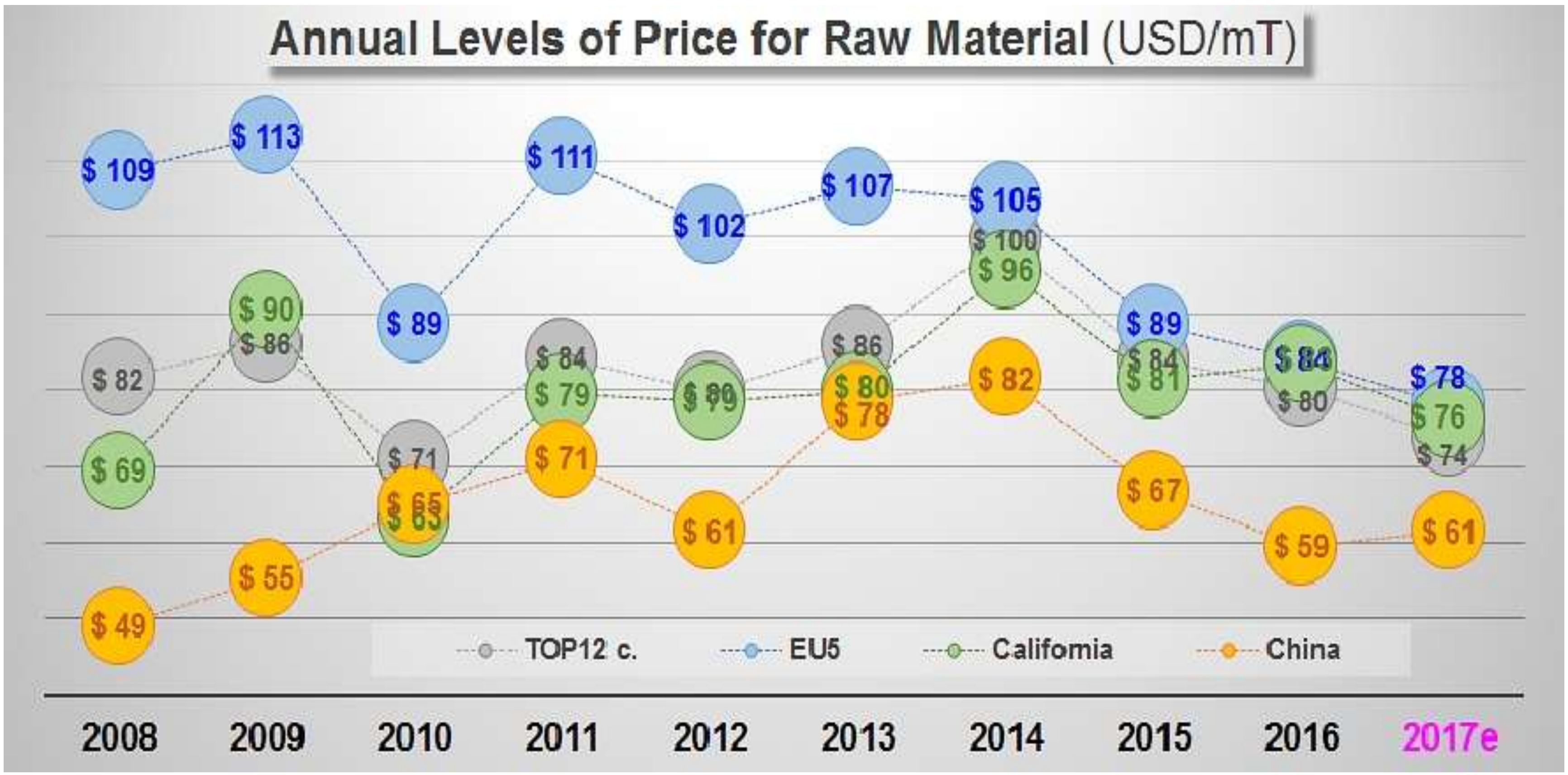
- The final figures for 2017 crop underline the weight and importance of the EU tomato industry on the World stage, with a growth driven by Iberian Countries

- A further drop (- 2%) in world production caused mainly by California production decrease (-16%)

- Is this production output sustainable for European industry? Or shall our industry follow the "Californian example" to rebalance the level of stock for a more sustainable market?

- Some changes in the ranking: China overtakes Italy; Ukraine enters the top ten (with the help of EU, granting free quota for their tomato paste) and Russia reaches Greece

Global trends: convergence of prices for raw material in the main production areas
(Source: Tomato News)



Europe vs California
prices of processing tomatoes

	2012	2013	2014	2015	2016	2017
TomatoEurope Members (average)	€ 80,70	€ 81,80	€ 85,90	€ 85,90	€ 78,00	€ 76,00
California	USD 76,50	USD 77,70	USD 91,50	USD 88,20	USD 79,93	USD 77,73
	€ 58,85	€ 59,77	€ 70,38	€ 76,70	€ 69,64	€ 64,41
	(1)	*(1)*	*(1)*	*(2)*	*(2)*	*(3)*
	73%	73%	82%	89%	89%	85%

(1) 1 € = 1,3 $

(2) 1 € = 1,12$

(3) 1 € = 1,18 $

Some highlights and takeaways

- Prices for raw material in the main production areas are converging
- The exchange rates though are still important: the EU price would remain higher compared California and China even if the price drops in the EU
- The EU regulatory environmental framework is affecting our competitiveness regarding farming costs

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Challenges, threats and opportunities

1 EU Free Trade Agreements

2 Environmental Legislation and ETS

3 Origin Labelling

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THANKS FOR YOUR ATTENTION!

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