

Counter-season tomato

Leadership battle between opposite shores of the Mediterranean

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After a complicated summer campaign, with price increases (+ 70 % over one year during August, and 55 % above the five-year average in France for example), and poor weather across Europe, the tomato market is seen as atypical by all the operators at the start of this winter campaign.

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According to a report by the European Commission Fruit and Vegetables Market Observatory, tomato production in the European Union fell by 5.2 % in 2021 from the previous year, while on the other side of the Mediterranean, production rose, resulting in a significant increase in European and British imports.

Spain and Morocco are battling to dominate the European tomato import market. During the 2020-21 campaign, European imports between October and May broke the 630 000-tonnes mark, without counting volumes from Spain, which reached 523 559 tonnes, the majority aimed at Germany, followed by the Netherlands and finally France (nearly 70 000 t) and 67 689 tonnes to the United Kingdom alone. At the start of the campaign, in October, average prices for Spanish tomatoes remained the same as in September, but lower than in August, when they hit the heights due to lack of sufficient production.

Morocco was in second position with 478 949 tonnes exported to the EU, a 6 % increase over one year, and a similar rise to that of the 2019-20 campaign. Moroccan volumes bound for the United Kingdom saw a big increase, from 63 000 tonnes in 2019-20 to more than 78 000 tonnes in 2020-21.

Turkish shipments also progressed, reaching 125 555 tonnes, i.e. + 35 % over one year, and 44 % above the three-year average. Tunisia registered an increase in its volumes to the EU to 17 788 tonnes (+ 12 % on last campaign, and 15 % above the three-year average). Senegal registered a big fall, with 16.3 % over one year, to 7 235 tonnes (20 % below the three-year average). While Israeli tomatoes were on the wane the previous season, they made a slight bounce-back, going from 15 tonnes to more than 85 tonnes, i.e. a one-year increase of 454 %, though 67 % below the three-year average.

Counter-season tomato – EU27+UK – Imports

in tonnes	2020-21	2020-21 compared to	
		2019-20	Last 3-year average
Morocco	478 949	+ 6 %	+ 14 %
Senegal	7 235	- 16 %	- 20 %
Israel	85	+ 455 %	- 67 %
Tunisia	17 788	+ 12 %	+ 34 %
Turkey	125 555	+ 35 %	+ 44 %
Others (Egypt)	702	-	-
TOTAL Extra-EU	630 314	+ 12 %	+ 15 %
Spain	523 559	- 10 %	- 17 %

Sources: Eurostat, Comtrade, UK trade



Competition from Northern Europe on the rise?

Greenhouse production in Northern Europe has constantly increased in recent years, especially in the Netherlands and Belgium. Spain has lamented the installation of new ultra-high performance infrastructures at the cutting edge of technology, which have received indirect public aid. And the cropping techniques in these greenhouses, employing energy and LED lighting, can produce more than 40 kg/m² of tomatoes, as opposed to an average in Spain of no more than 15 kg/m². Yet this year, the Netherlands and Belgium asserted that with increasing energy costs, greenhouses will produce less than in previous years during the winter campaign. The energy crisis, pushing up electricity and gas prices, could have a major impact in the Netherlands and in Belgium. According to some media, in the Netherlands, one cubic metre of gas exceeded 1 euro, as opposed to 15 to 20 eurocents at the same period last year. Annual consumption of natural gas by Dutch greenhouse operators is approximately 3 billion m³, i.e. 8.2 % of the country's total gas consumption. So many growers finished growing early, and there should be heavy economic consequences for the sector, according to the Glastuinbouw Nederland association.

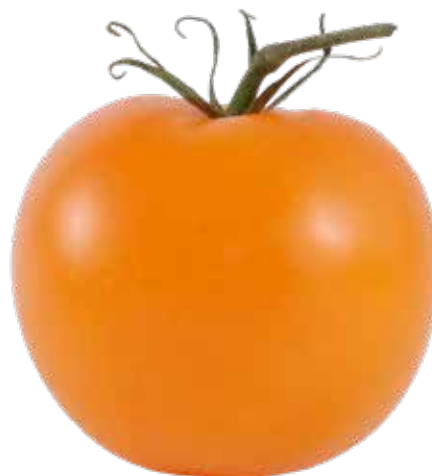
Iberian Peninsula dominating trade

According to operators, the winter tomato season began in Spain at the end of September, to progress from the start of November. The Almería harvest went a bit slower, since the high temperatures registered at the start of the campaign affected the initial fruit-setting. Yet yields should be similar to those of the previous campaign.

In Almería province, the surface area dedicated to the tomato has significantly decreased and exports dropped steeply in the space of ten years, going from 510 770 tonnes to 398 250 tonnes during the 2020-21 campaign. Despite this dizzying fall, the province remains the tomato export leader, representing 58.3 % of total Spanish tomato exports, ahead of the Murcia region, the number two Spanish exporter province.

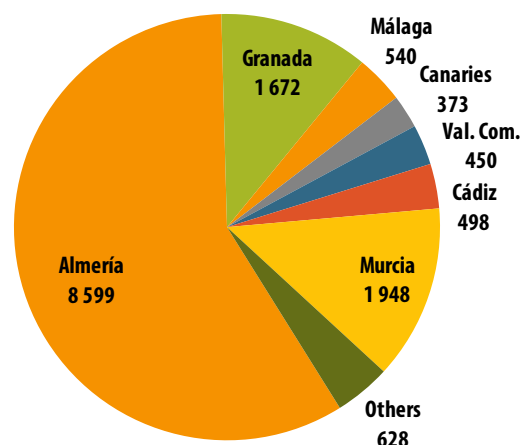
On 26 October 2021, the Andalusian phytosanitary alert and information network (RAIF) warned Spanish growers of the presence of the leafminer moth *Tuta absoluta* in practically all tomato crops in Almería province. Nonetheless, the damage would seem to be very low on the fruit, and should not generate any losses. Conversely, many greenhouses are being converted to receive other more profitable crops.

Shipments from the Canary Islands to the EU have dropped steeply over the past decade, going from 305 000 tonnes to less than 45 000 tonnes in 2020-21. Tomato cultivation represented just 3 % of GDP in 2020, as opposed to 10 % in 2010.



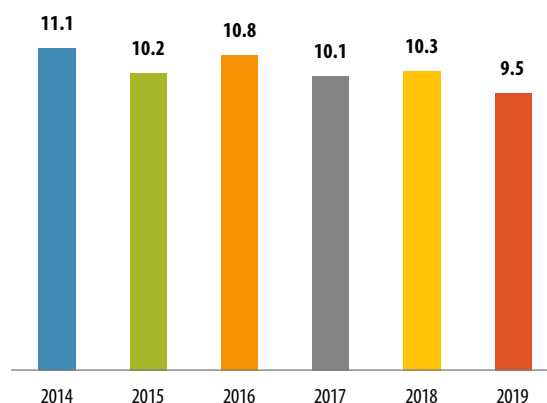
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Greenhouse winter tomato - Spain
Planted areas in 2019: 14 700 hectares
(* 01/10 to 31/05 | in hectares | source: MAPA)



© Eric Imbert

Greenhouse tomato - Almería (Espagne)
Evolution of areas
(in 000 hectares | source: MAPA)



Morocco, the number two exporter country after Spain

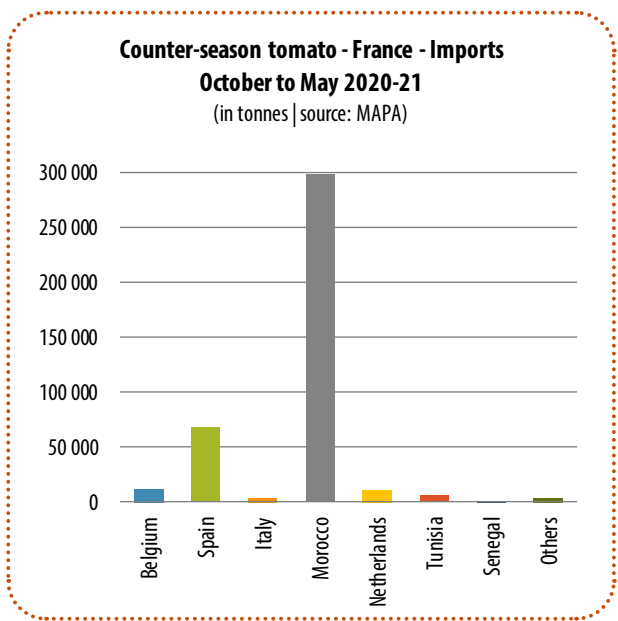
The Alawi Kingdom has a large-scale tomato production for export, which is distributed between nearly all the country's regions, and plays an important socio-economic role. The Souss-Massa region near Agadir has a total of 57 % of the country's vegetable growing surface areas, Kénitra 17 %, Casablanca-Settat 8 % and Tangier-Tétouan-Al Hoceima 5 %, according to data from the Moroccan Ministry of Agriculture.

According to the latest data from EACCE (the Moroccan Exports Control and Coordination Establishment), or from Morocco Foodex, round tomato exports in 2019 amounted to 282 900 tonnes, down 4 % in the space of ten years (295 900 t in 2009). Shipments of segment tomatoes (e.g. cherry tomatoes) totalled nearly 262 600 tonnes, more than double those in 2009 (100 600 t). The round tomato currently represents the hardest-fought market in price terms. It is a low-cost or basic product, but its production in Morocco has subsided year on year, since the number of growers is dwindling in favour of segment tomatoes. They now represent nearly 50 % of total tomato production in Morocco. There are many operators which have completely switched to the segment tomato to meet market demand.

This season they will need to reckon with increasing secondary costs, such as the price of cardboard (+ 9 % over one year) and wood (+ 30 %). Road-freight has also seen a cost increase of 8 %, and sea-freight 31 % on average, across all destinations.

Furthermore, European growers overall are producing over an increasingly long period, which is damaging Morocco's position as an origin, with European markets preferring local production, especially from Sicily or Spain. Nonetheless, some operators are returning to the European Continent, in particular the French market, where Moroccan imports made up 298 091 t out of total counter-season tomato imports of 401 136 tonnes in 2020-21, according to French Customs data. On this market, Spain contributed 67 513 tonnes to the winter campaign, and Tunisia 5 999 tonnes. It was between December and March that import volumes were heaviest, in excess of 50 000 tonnes per month.

In September 2021, the French authorities implemented visa restrictions which affected Moroccan transporters, and the Saint Charles International multimodal hub, with 415 Schengen visas refused to Moroccan hauliers. On 21 November, a strike movement was launched in protest at this measure.



France plastic-free: what impacts on tomato sales this winter?

From 1st January 2022, the new Act on Waste and the Circular Economy will take effect in France. In particular, it imposes a ban on plastic packaging for unprocessed fruits and vegetables weighing under 1.5 kg. Hence tomato imports could be affected this season. It should quite naturally concern round tomatoes. The market will also need to take into account the lack of materials required for cardboard production instead of plastic, and the related additional costs.

Agricultural agreements with Morocco: what's the situation?

On 29 September 2021, the European Court of Justice voided two trade agreements between Morocco and Europe, regarding products out of Western Sahara, at the request of the Polisario Front. One of the issues of the Moroccan competition is due to exports of tomatoes produced in Western Sahara. The EU-Morocco agreement includes Western Sahara within its scope, and tomatoes from this zone are labelled "Origine Maroc". This issue of labelling, raised in 2020, was also discussed at the European Parliament under the INTA Commission (international trade), in July 2021, and under the Agriculture and Rural Development Commission in September 2021.

This agreement stipulated granting customs rate concessions within a quota of volumes, including compliance with an entry price. Until 2014, the importer was free to choose the method of calculating the entry price value: either based on the FOB price of products in the country of origin, plus insurance and transport costs at the borders; or the unit price corresponding to sales in the EU of the imported merchandise; or for merchandise on consignment based on the flat-rate import value (FIV). This is calculated daily by the European Commission, taking as a reference the weighted average of representative prices for product imports for each origin, communicated by the Member States (for France: RNM). Since 2014, the entry price has been calculated solely based on the FIV. But since then, the reference used for calculating the FIV has changed: it is no longer just round tomatoes which are considered, but now also new high added-value varieties, such as cherry tomatoes. Hence the FIV is practically systematically situated above the minimum entry price set at 46 eurocents per kilo, even in difficult market contexts, limiting the specific additional duty set out by the agreement.

Another tomato and pepper disease in Morocco?

On 19 November 2021, ONSSA (Moroccan Office for food safety) detected the presence of a plant disease affecting the tomato and pepper on certain farms, without specifying the name of this disease. Nonetheless, it seemingly has no impact on human or animal health. This disease has reportedly already been present in several parts of the world since 2014, in Europe, the Americas and Asia. Investigations are in progress to determine the traceability of the seeds used, behind the introduction of this plant disease to the farms concerned.



Within the framework of the EU-Morocco agreement on the tomato, Morocco can export 285 000 tonnes per year to Europe, under preferential customs duty. This quota has remained the same despite the withdrawal of the United Kingdom from the EU. And a Morocco-United Kingdom association agreement was signed in October 2019, which has enabled Moroccan exporters, since 1st January 2021, to send 47 510 tonnes at a preferential rate. So European tomato producer countries are requesting a revision of the Moroccan preferential EU customs duty quota, to 237 490 tonnes. With shipments to the United Kingdom increasing, a new shipping line was just recently set up between Tangier Med and the port of Poole (Dorset) on the South Coast of the UK. The voyage, which is made in just three days as opposed to six by road, avoids the post-Brexit checks and other import procedures on merchandise passing via Europe. For now, the first shipment of merchandise arrived at the end of October via this shipping line. There remains the thorny issue of increased sea-freight costs due to the Covid-19 pandemic.

These agreements remain in force for a period of up to two months, according to the judgement. On 20 November, the European Council of Ministers gave the green light to appeal against the decision. Europe has until 16 December 2021 to present the appeal to the European Court of Justice ■