Tomato Industry Overview & Outlook

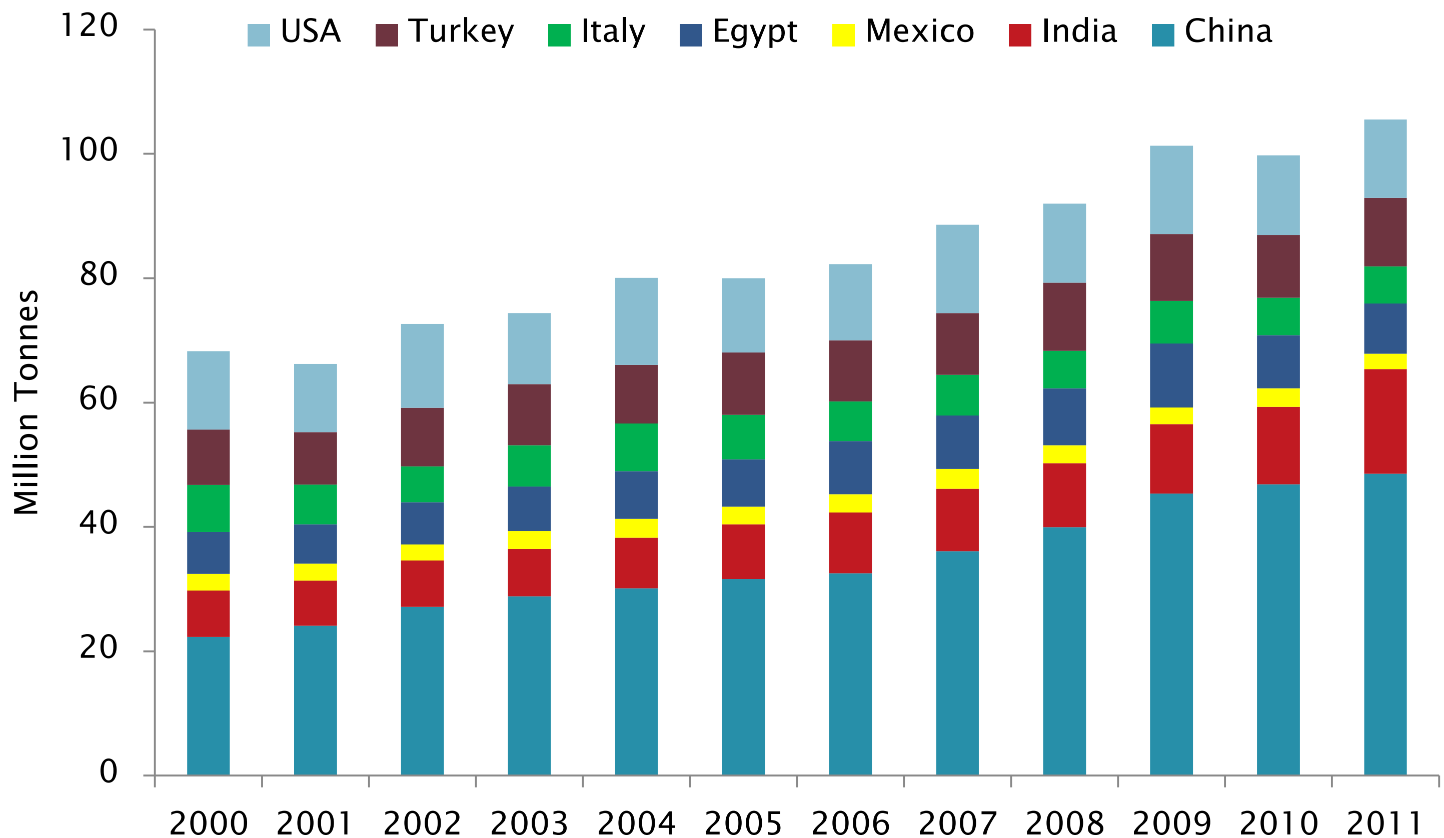
Zhengfei Guan

Gulf Coast Research & Education Center
University of Florida/IFAS

Outline

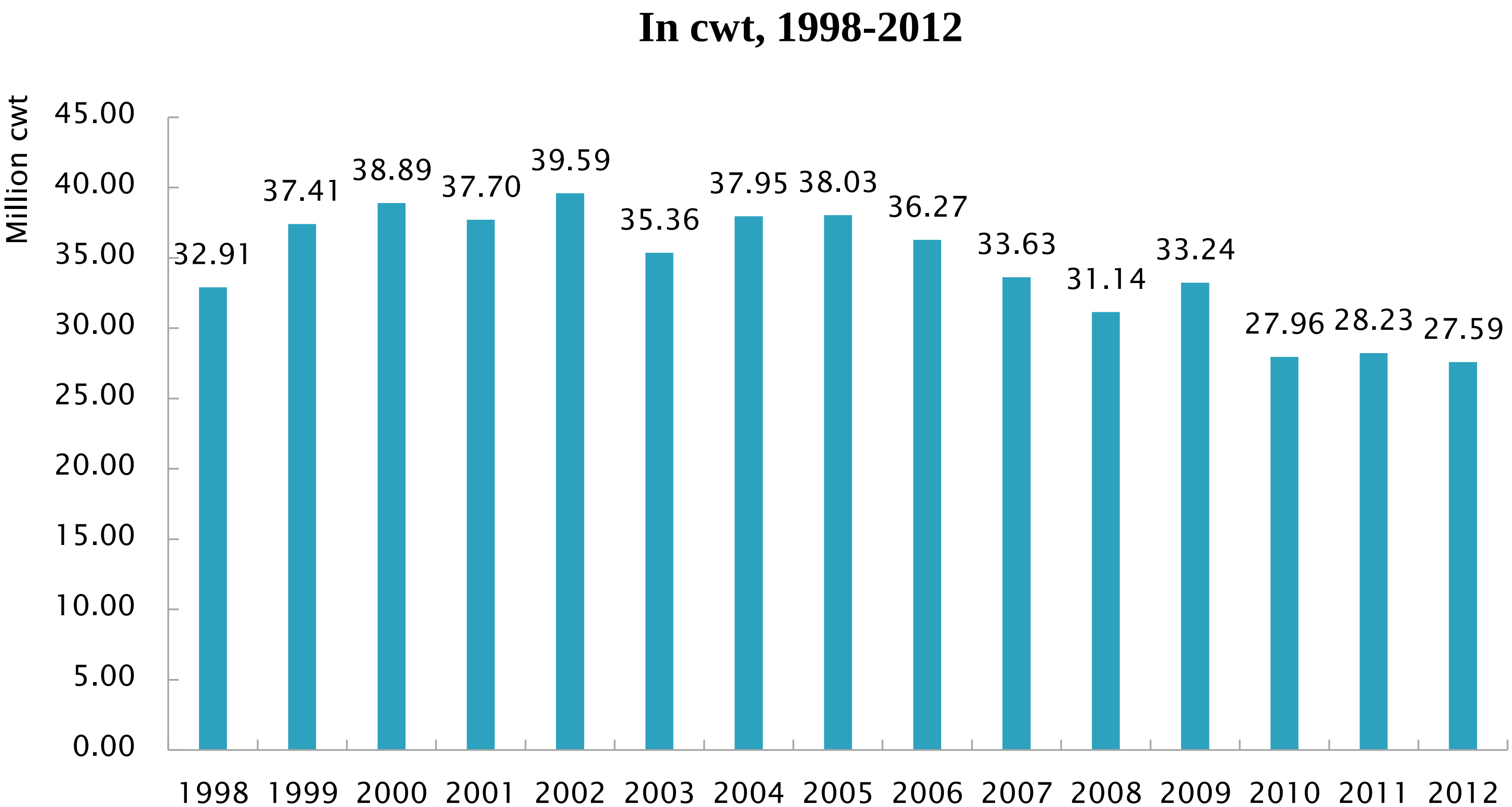
- Overview of the world tomato production
- US Tomato Production and Value
- Mexico Tomato Industry and Government Support
- U.S.-Mexico Trade
- Florida Tomato Industry and Market Share
- Threats and Opportunities
- Concluding remarks

World Tomato Production



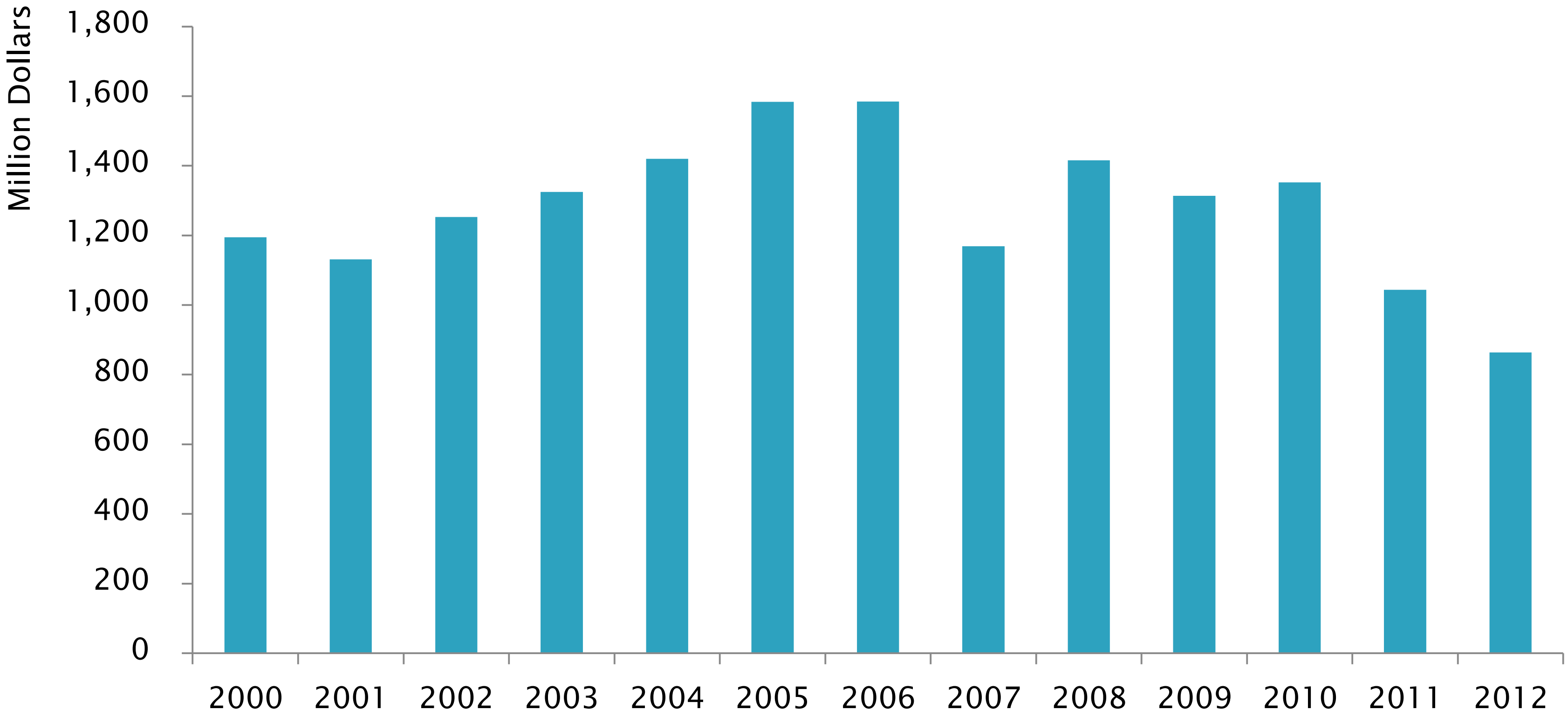
Source: Food and Agriculture Organization of the United Nations

U.S. Fresh Tomato Production



Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service, Vegetables Summary

U.S. Fresh Tomato Value



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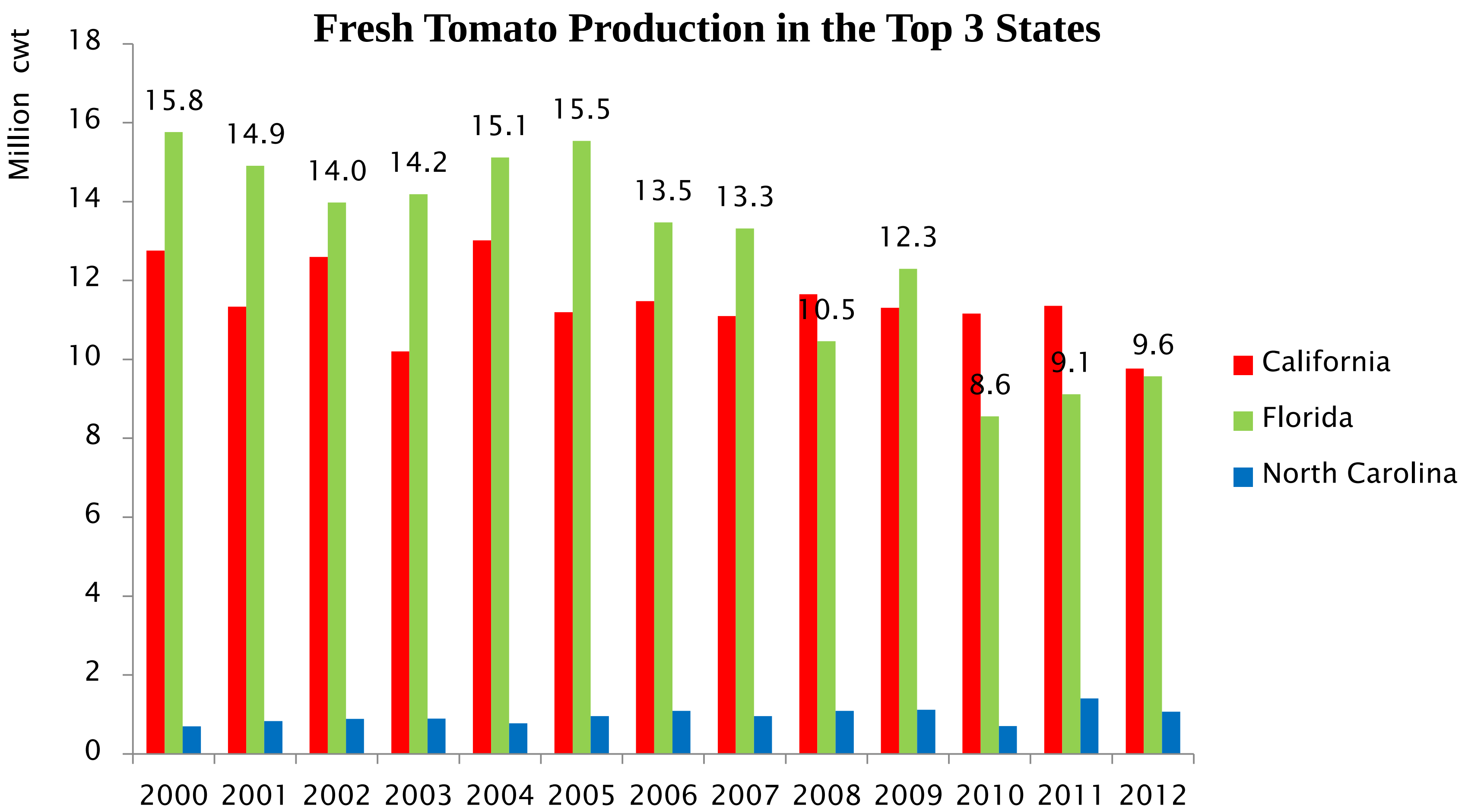
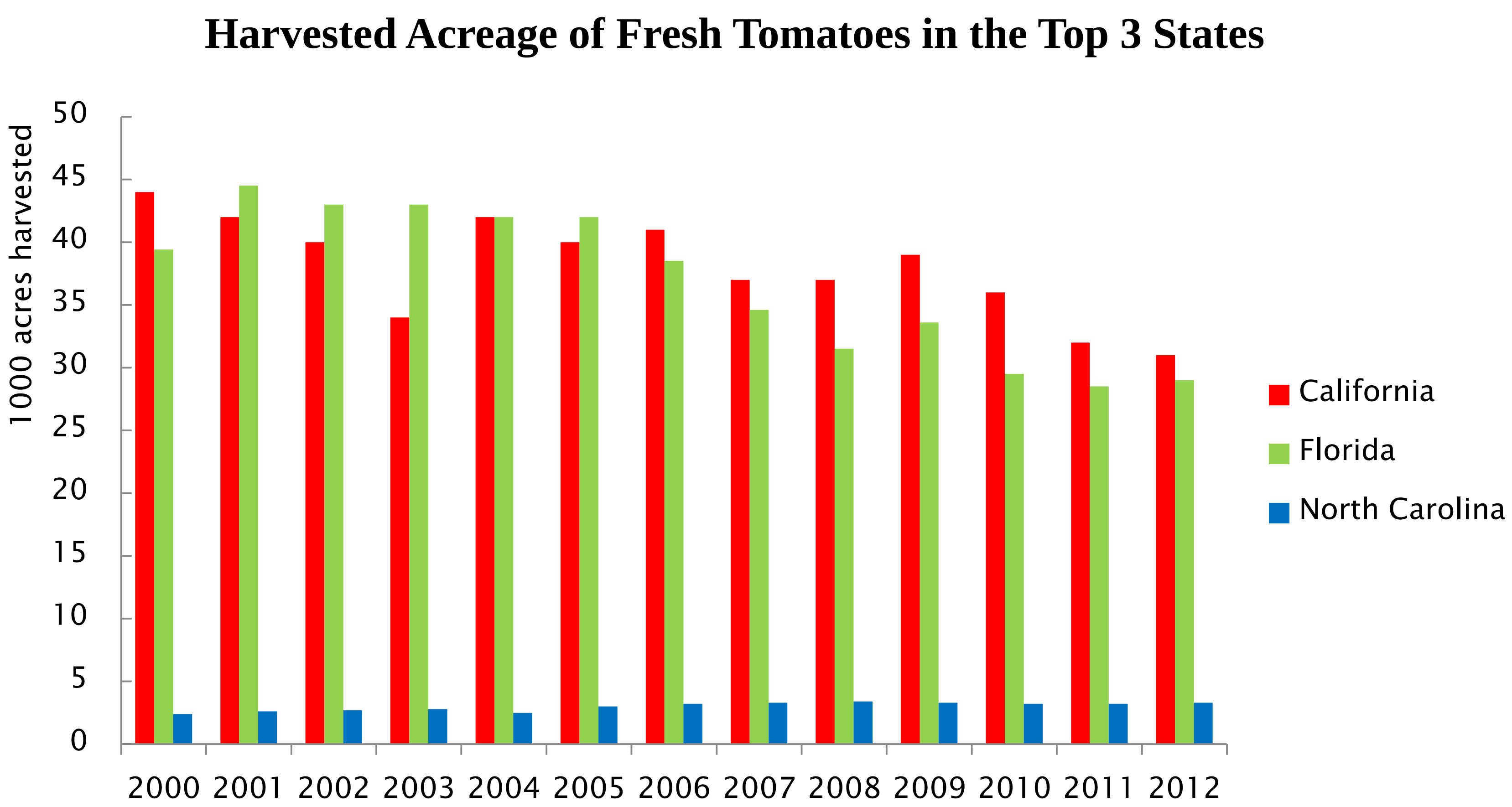


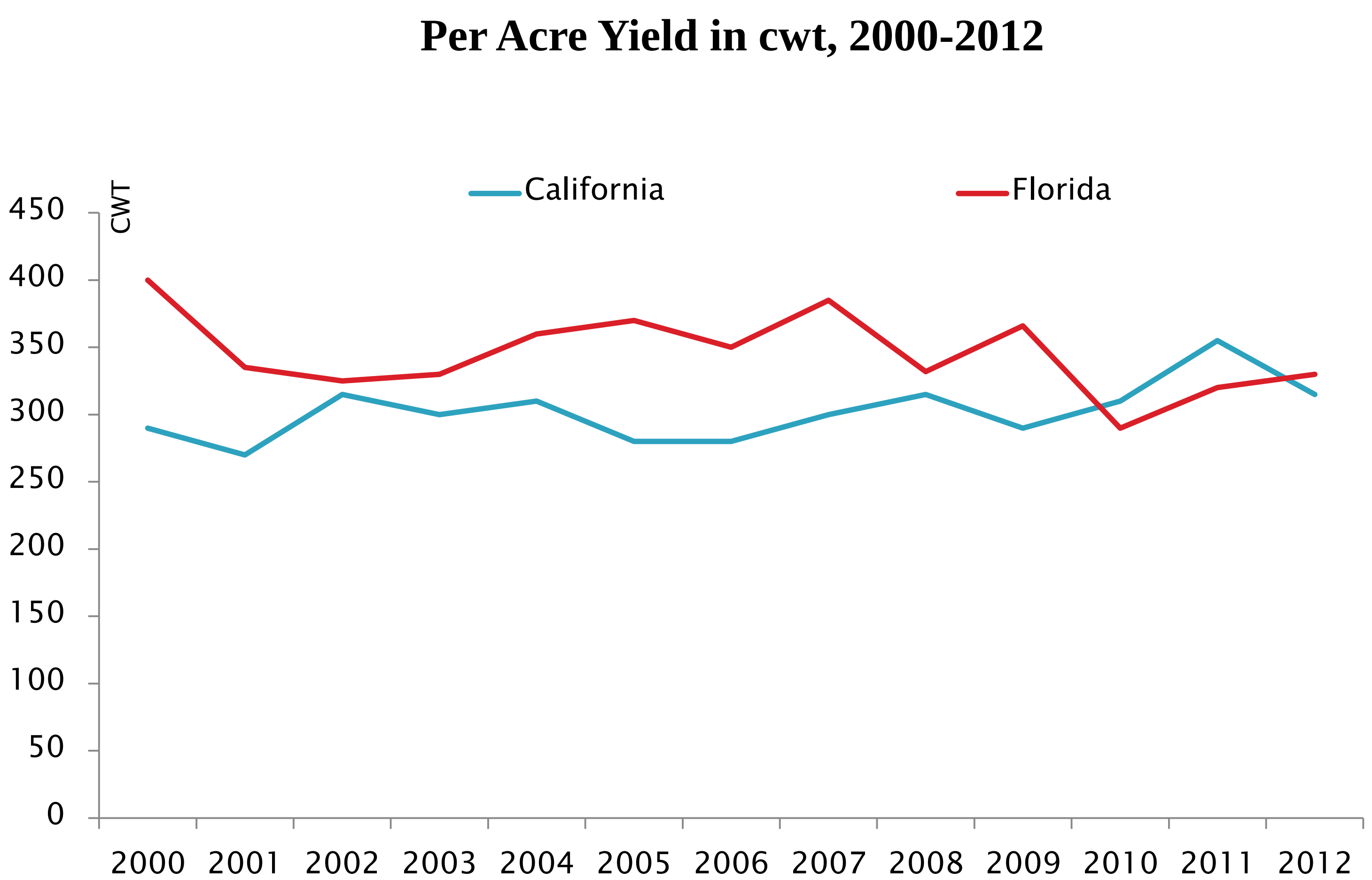
Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service

U.S. Tomato Acreage



Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service

Per Acre Yield in CA & FL



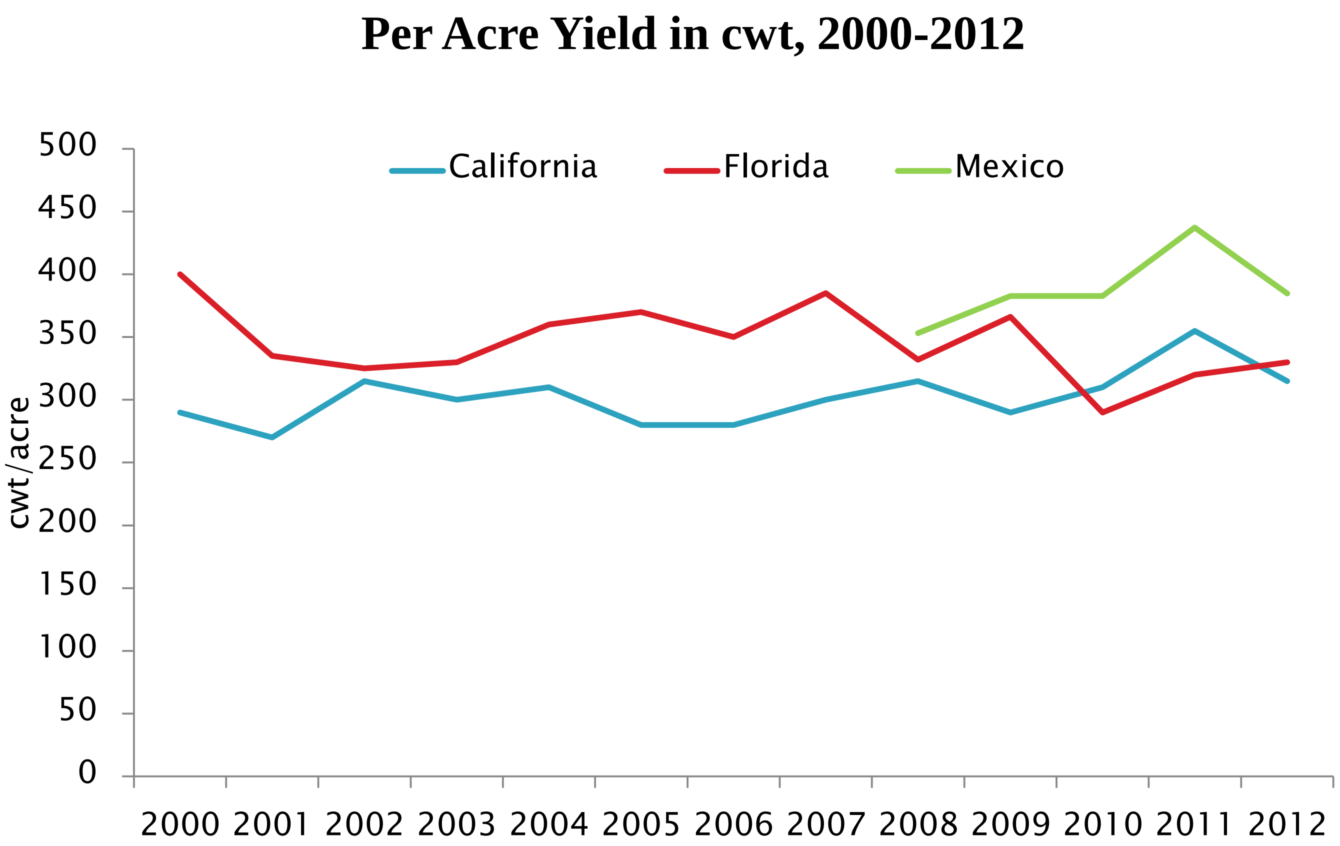
Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service

Mexico Production

- Production cost is much lower
- Leading country for tomato exports; has significant impact on U.S. Market

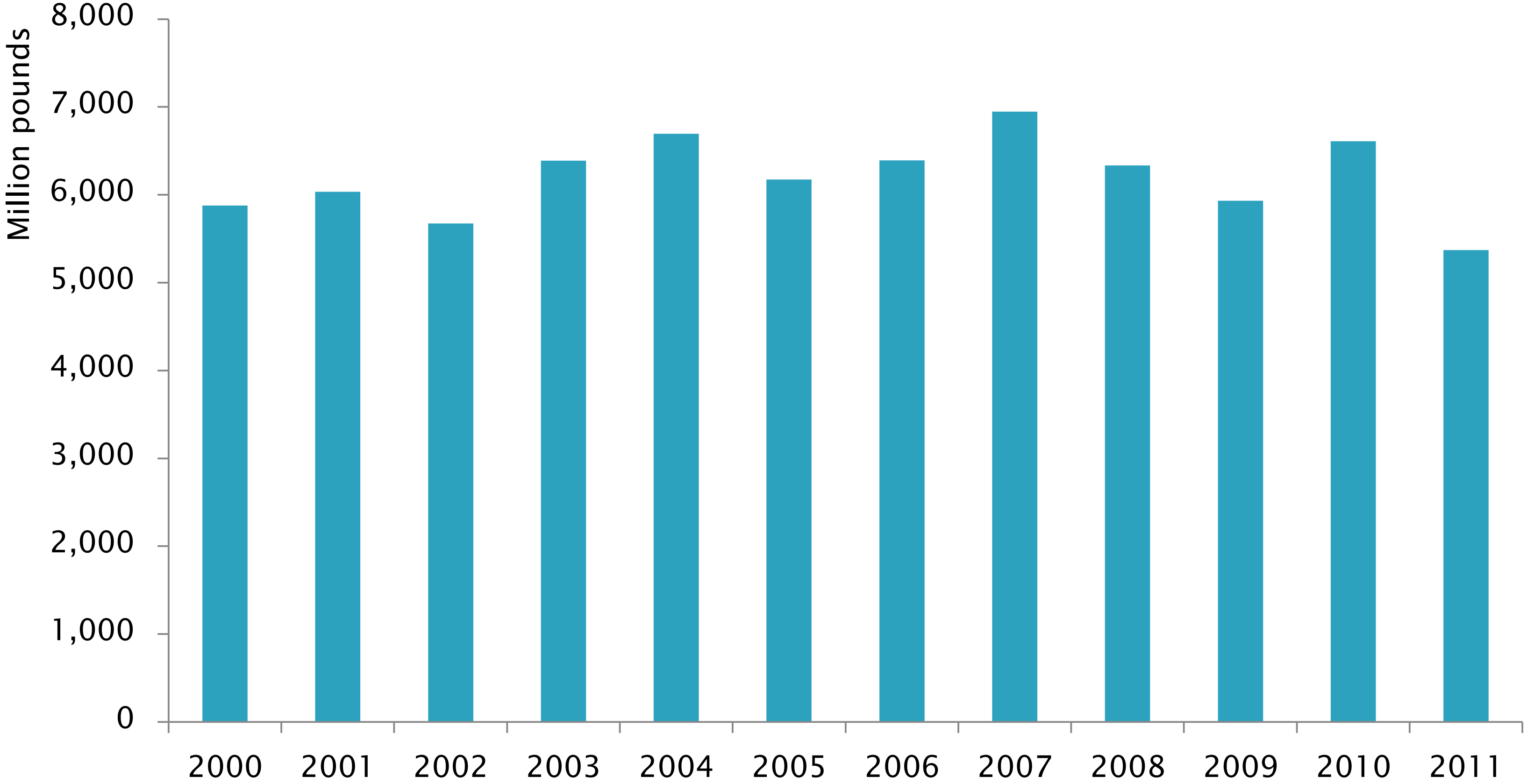
- Open field yields have risen from 20,000 lbs per acre in 1990 to 25,000 lbs/acre in 2000 and to 37,000 lbs/acre in 2010.
- Yield increased 50% in 10 years

Per Acre Yield Comparison



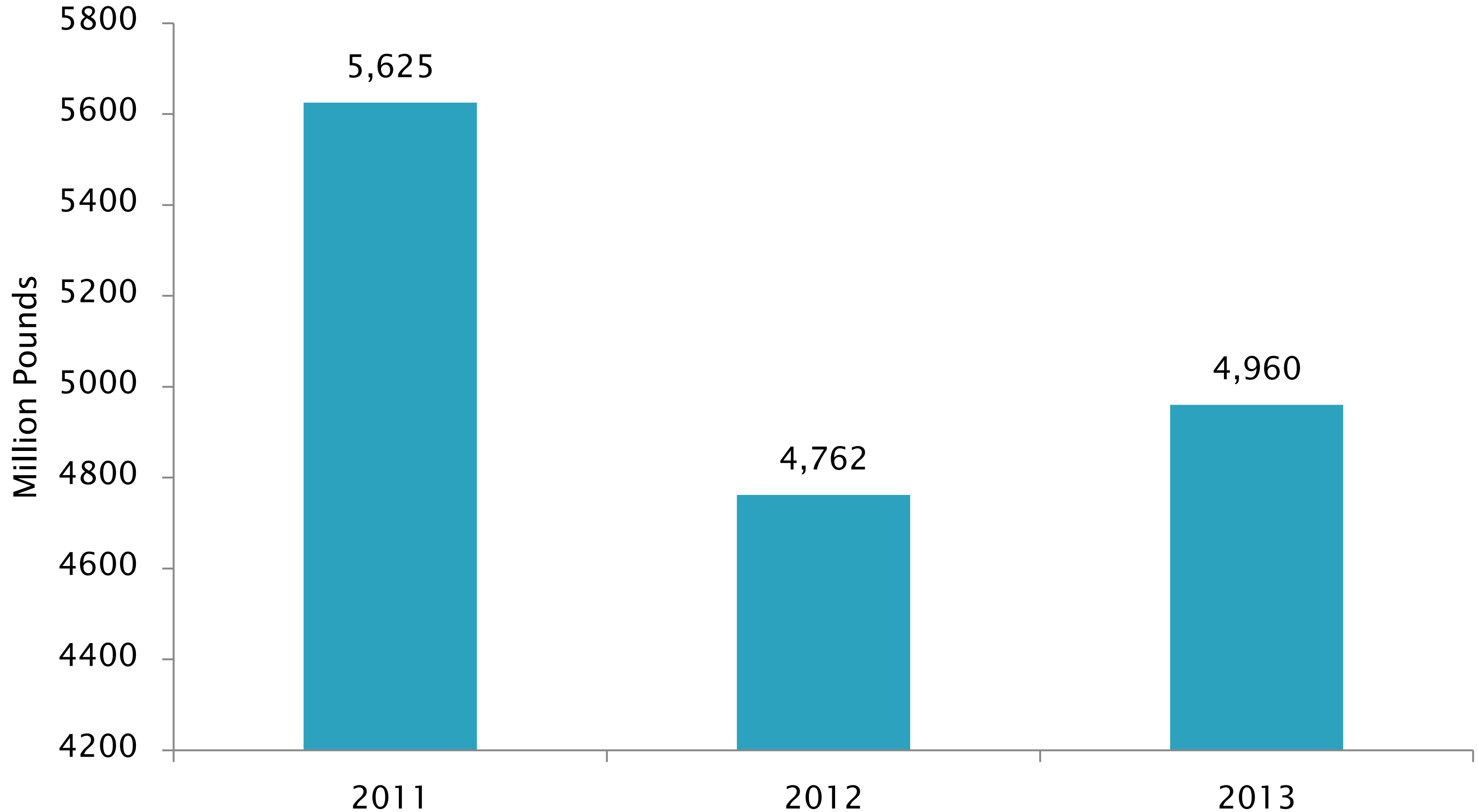
Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service

Mexican Total Tomato Production



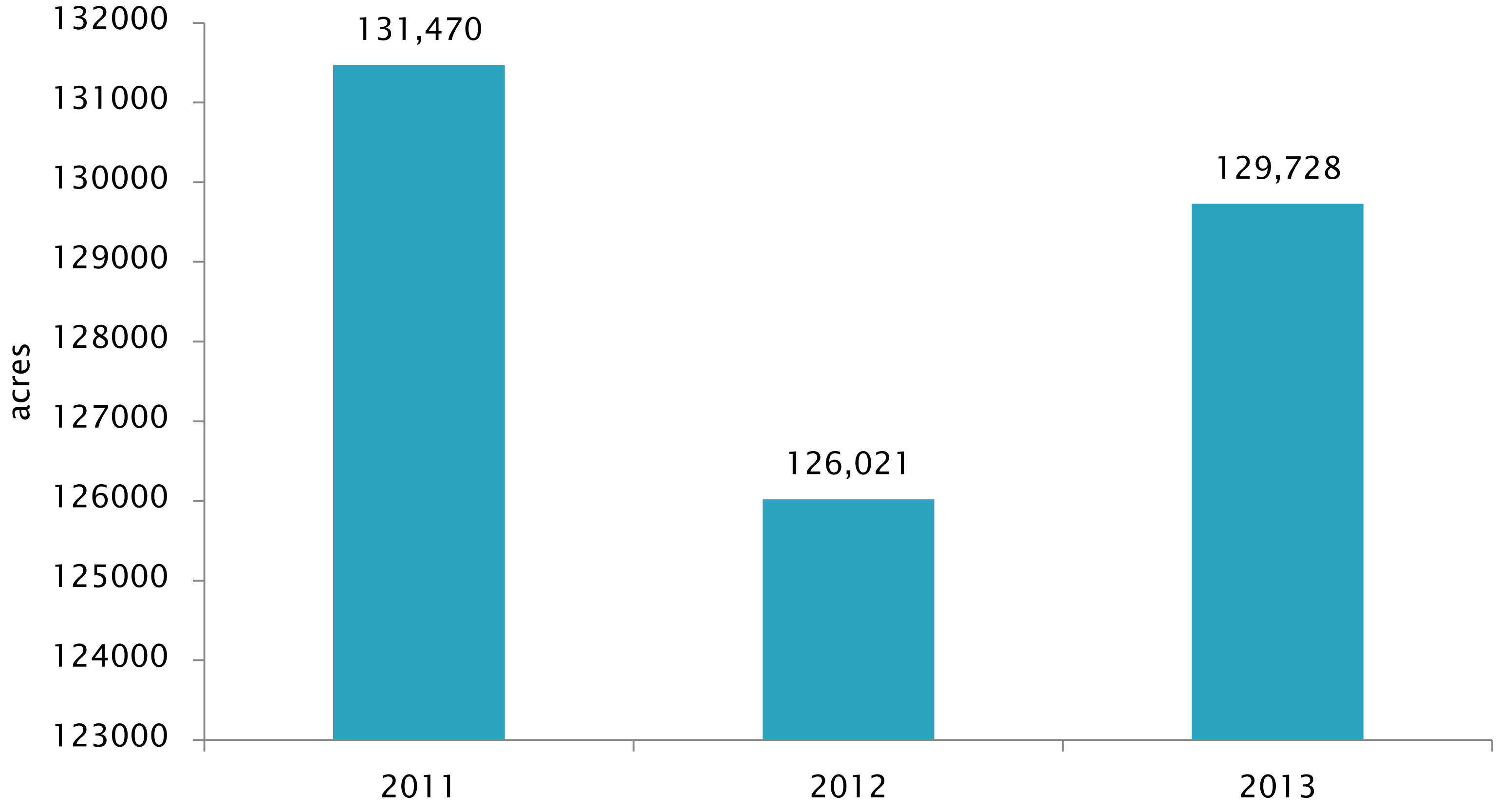
Source: United Nations, Food and Agriculture Organization

Mexican Fresh Tomato Production



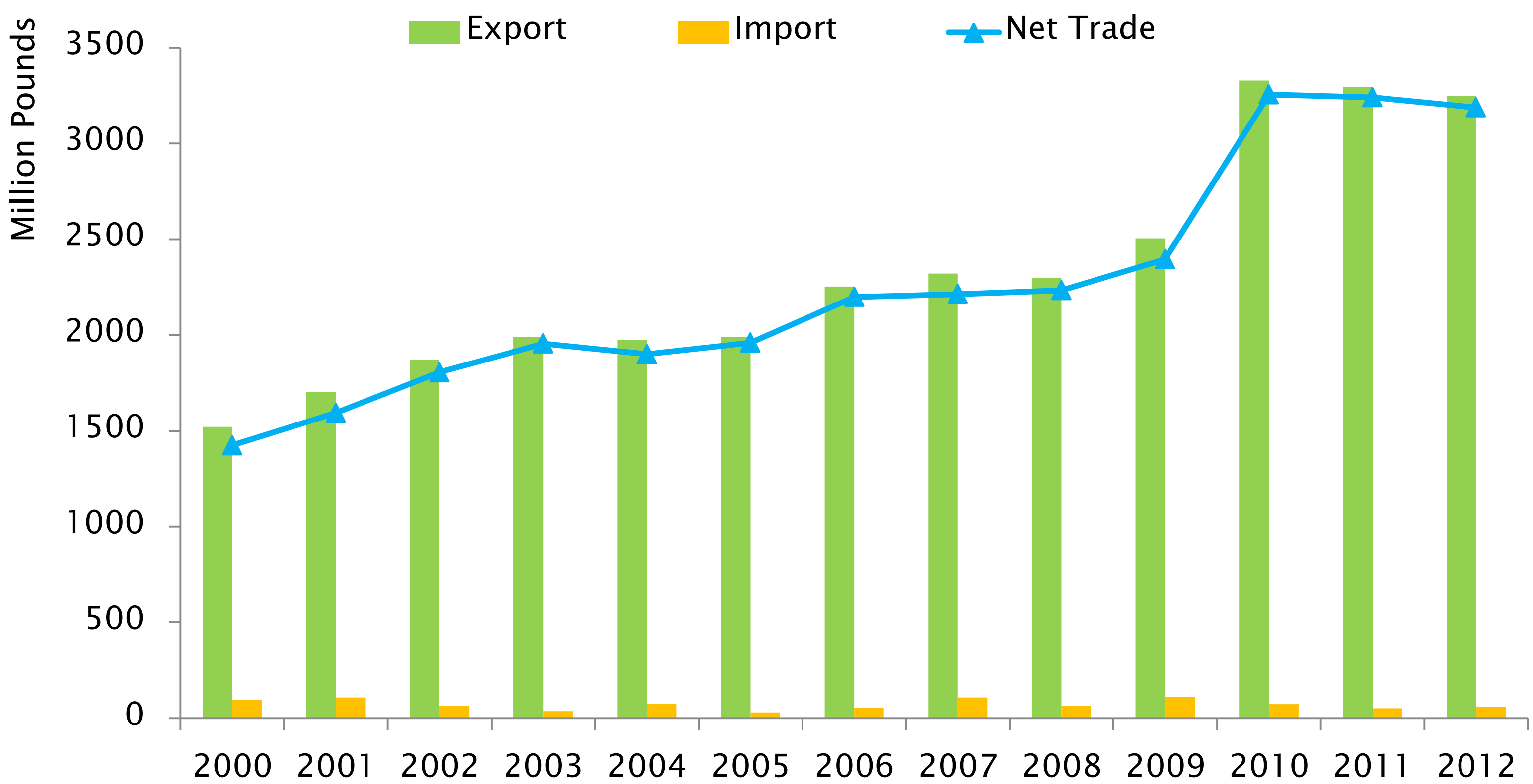
Source: USDA/FAS

Mexican Fresh Tomato Planted Area



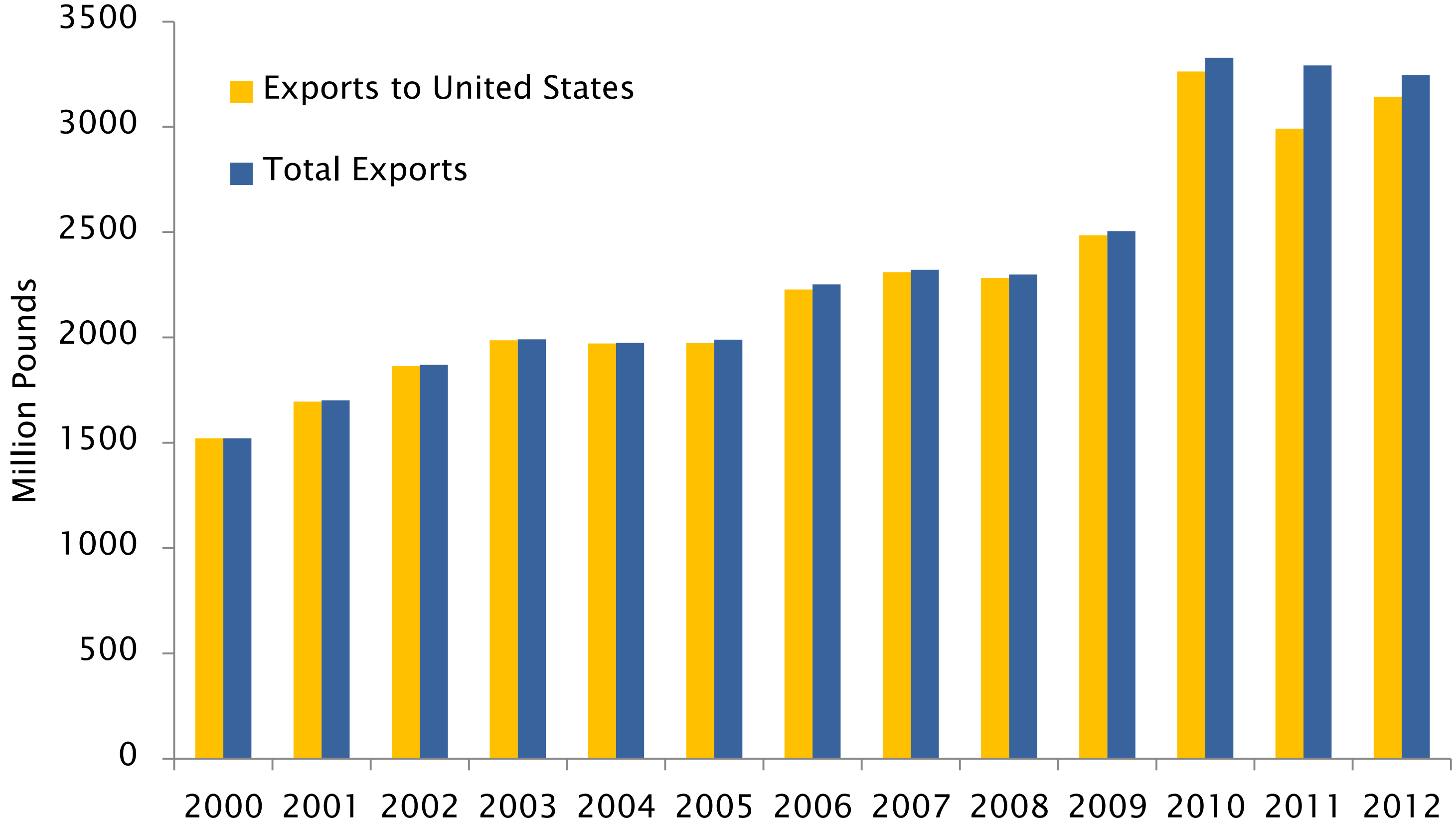
Source: USDA/FAS

Mexico Fresh Tomato Trade, 2000-2012



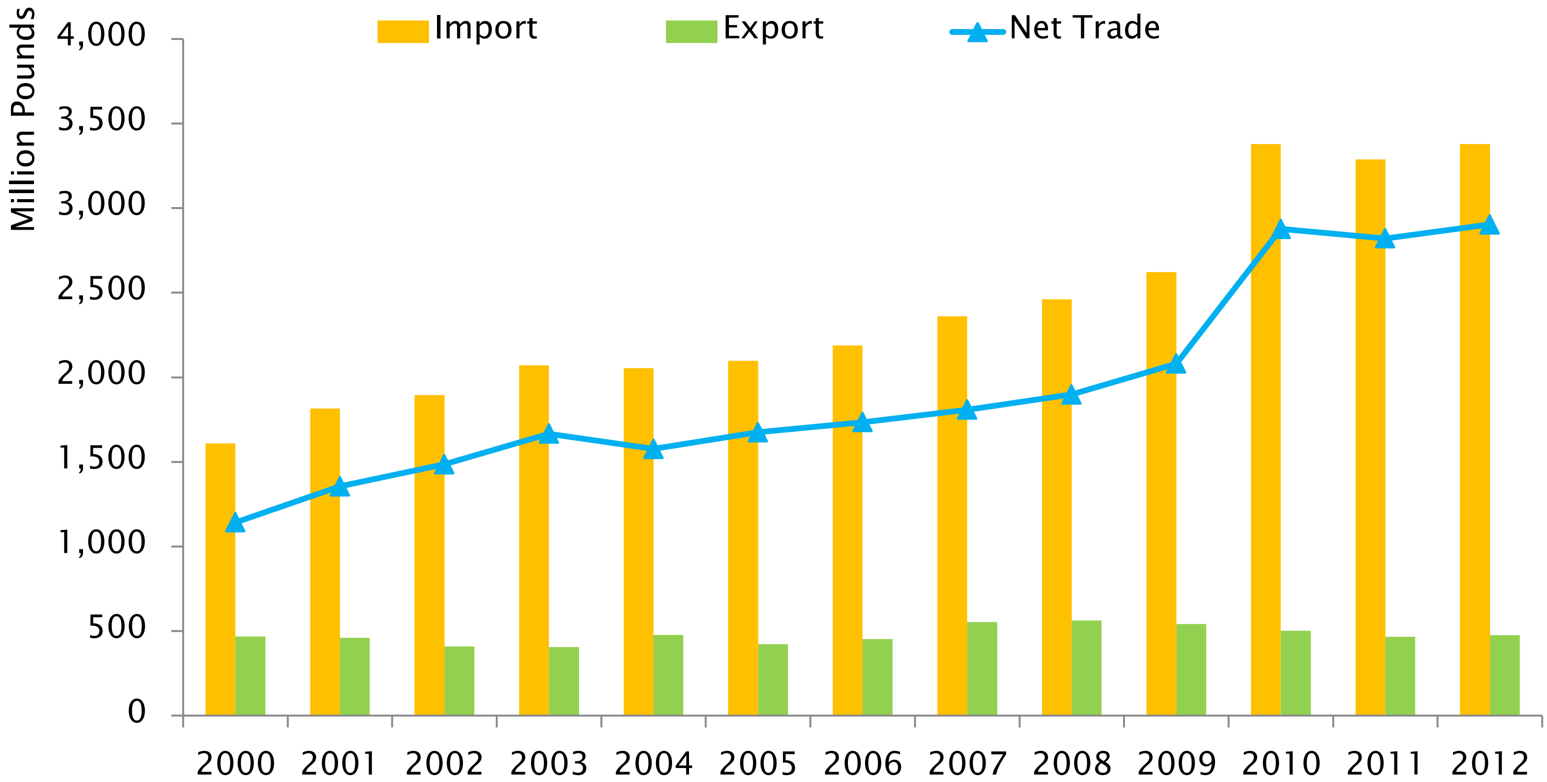
Source: U.S. Department of Commerce

Mexico Fresh Tomato Export, 2000-2012



Source: U.S. Department of Commerce

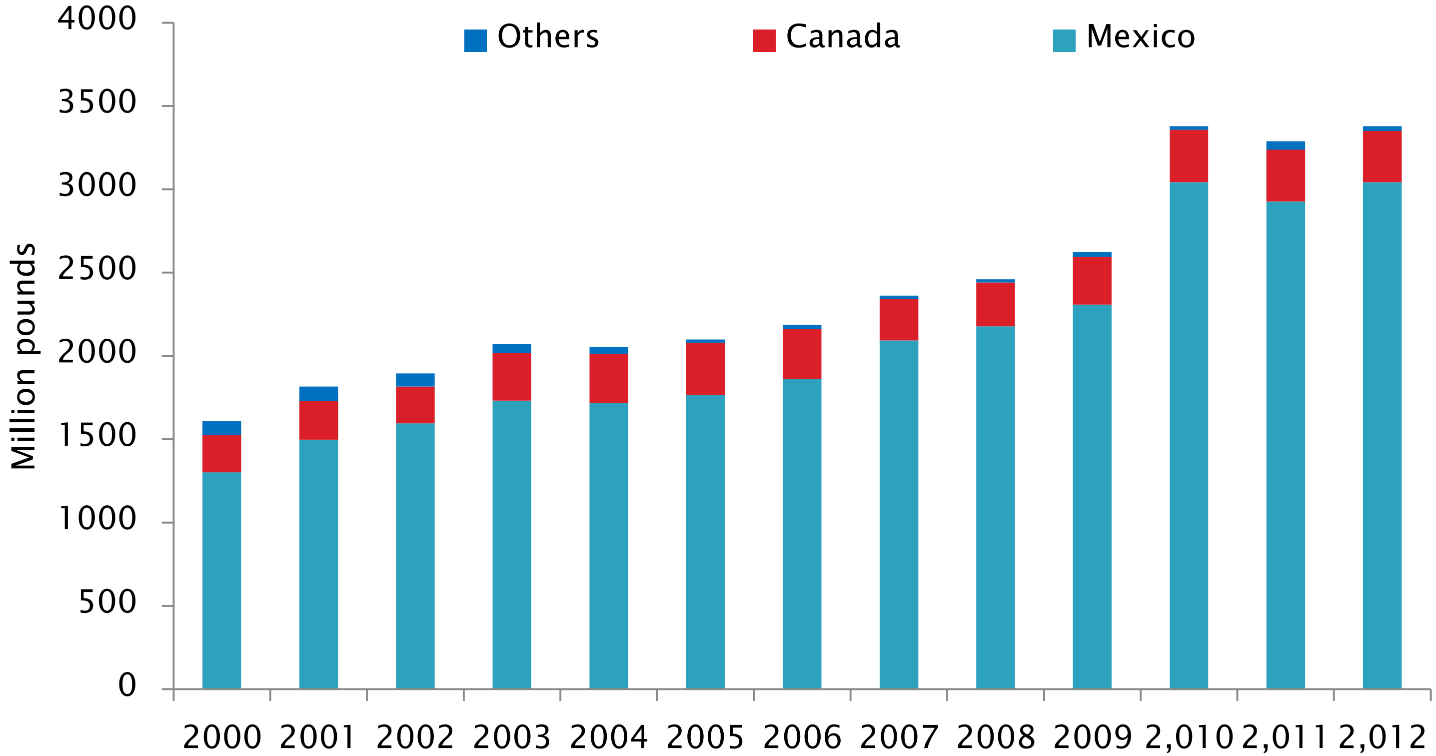
U.S. Trade in Fresh Tomatoes, 2000-2012



Source: U.S. Department of Commerce

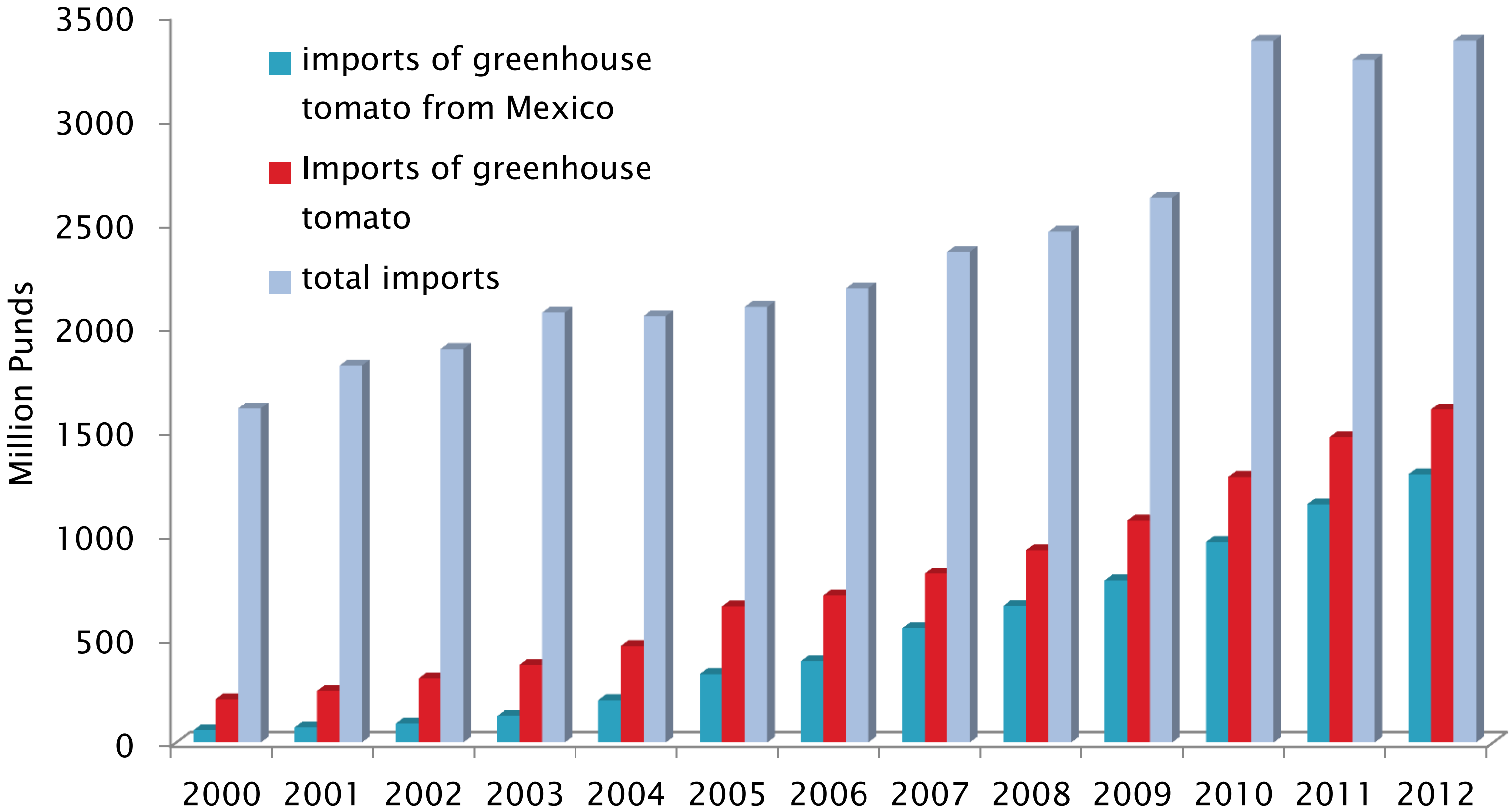
Origins U.S. Imports of Fresh Tomatoes

From Mexico, Canada and Other Countries



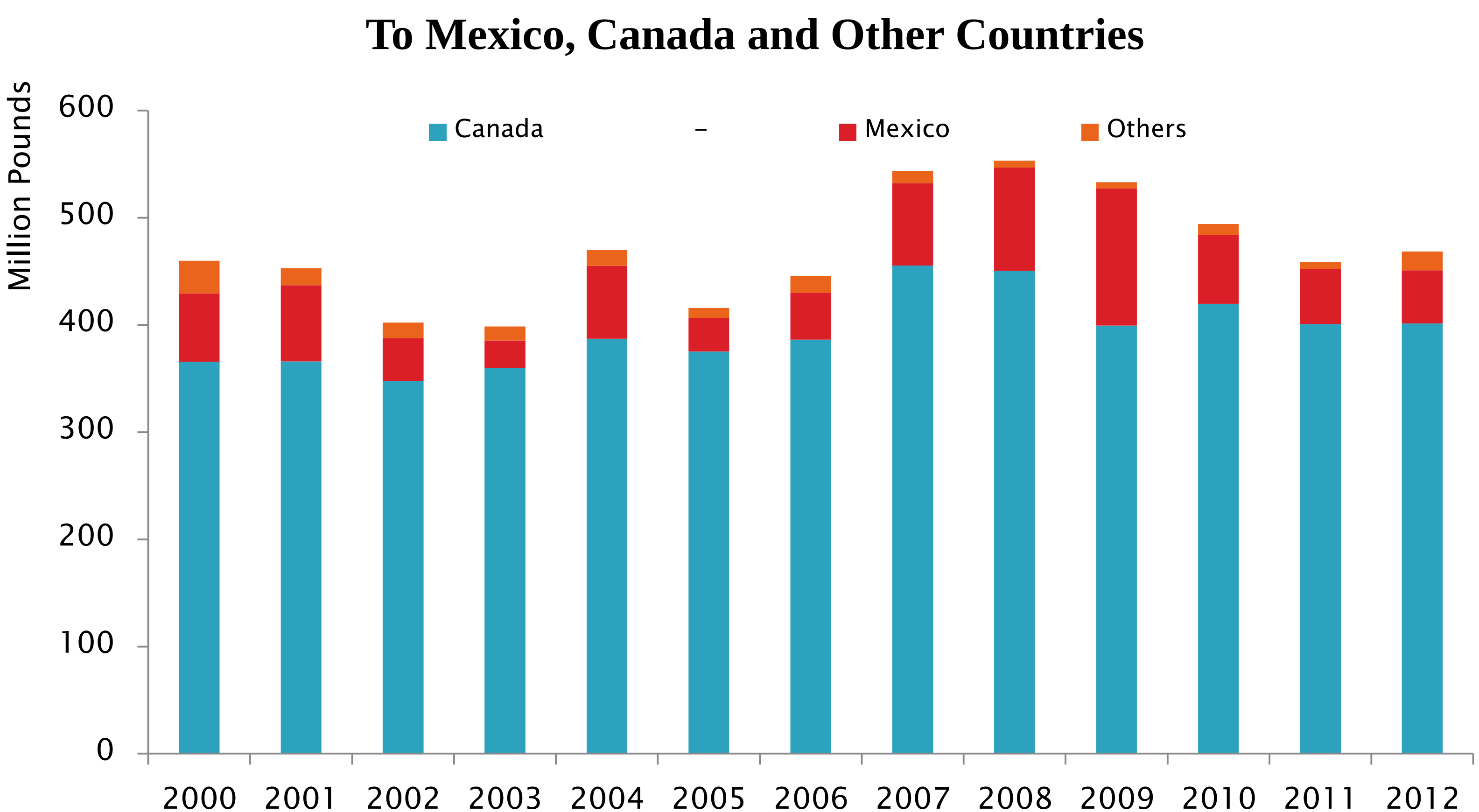
Source: U.S. Department of Commerce

U.S. Imports of Fresh Greenhouse Tomatoes



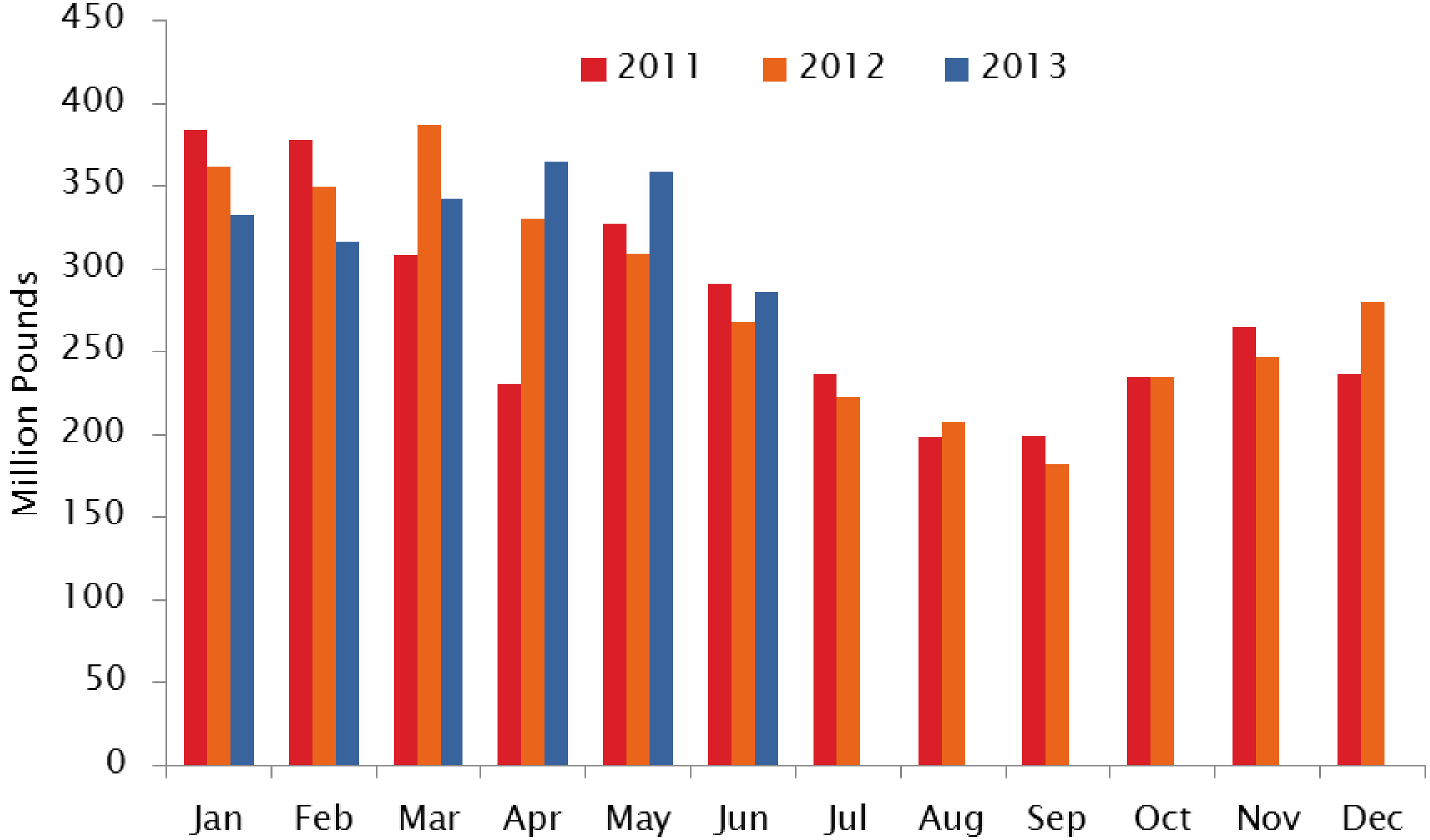
Source: U.S. Department of Commerce

U.S. Exports of Fresh Tomatoes



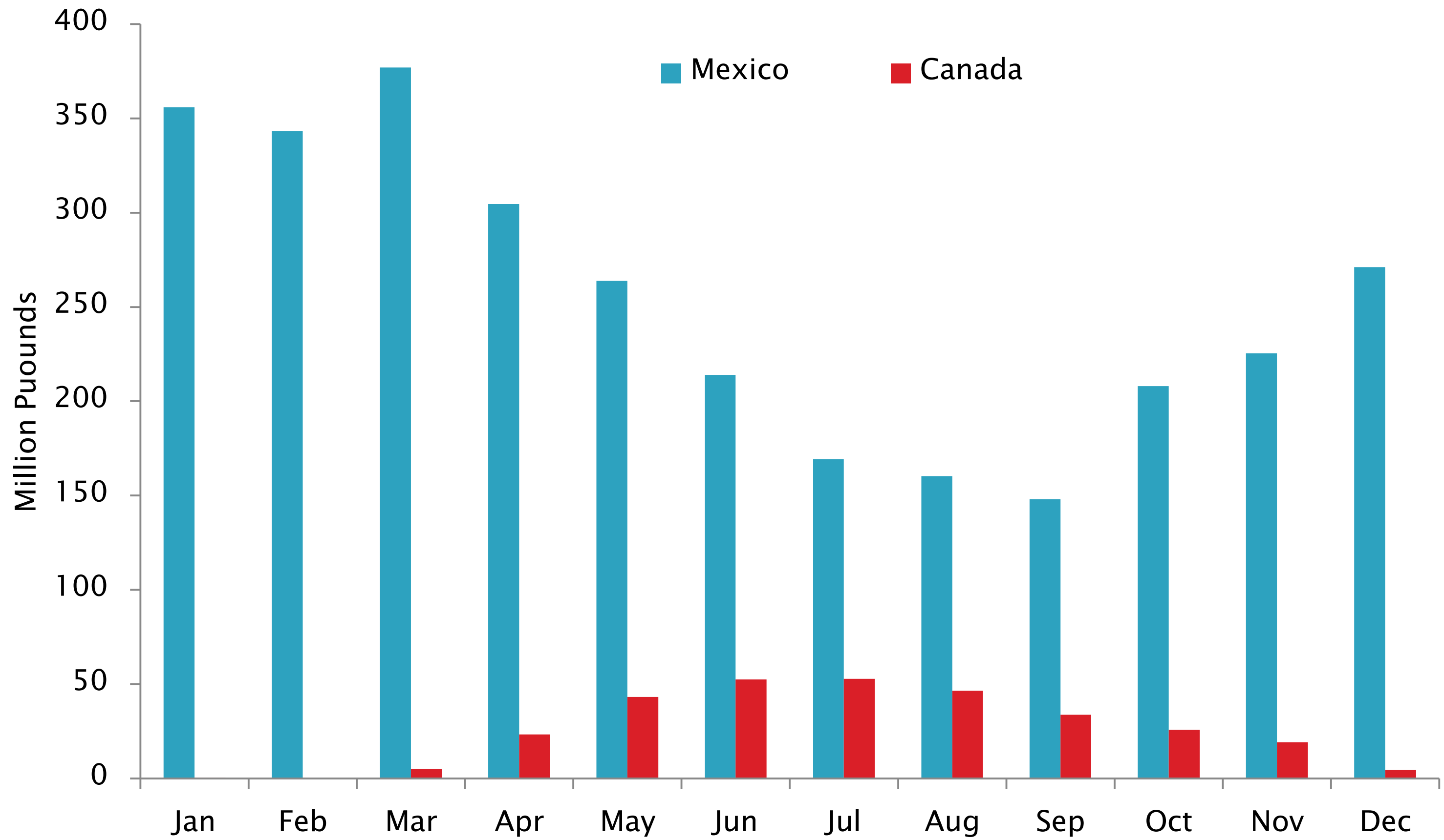
Source: U.S. Department of Commerce

U.S. Monthly Fresh Tomato Imports, 2011-June 2013



Source: U.S. Department of Commerce

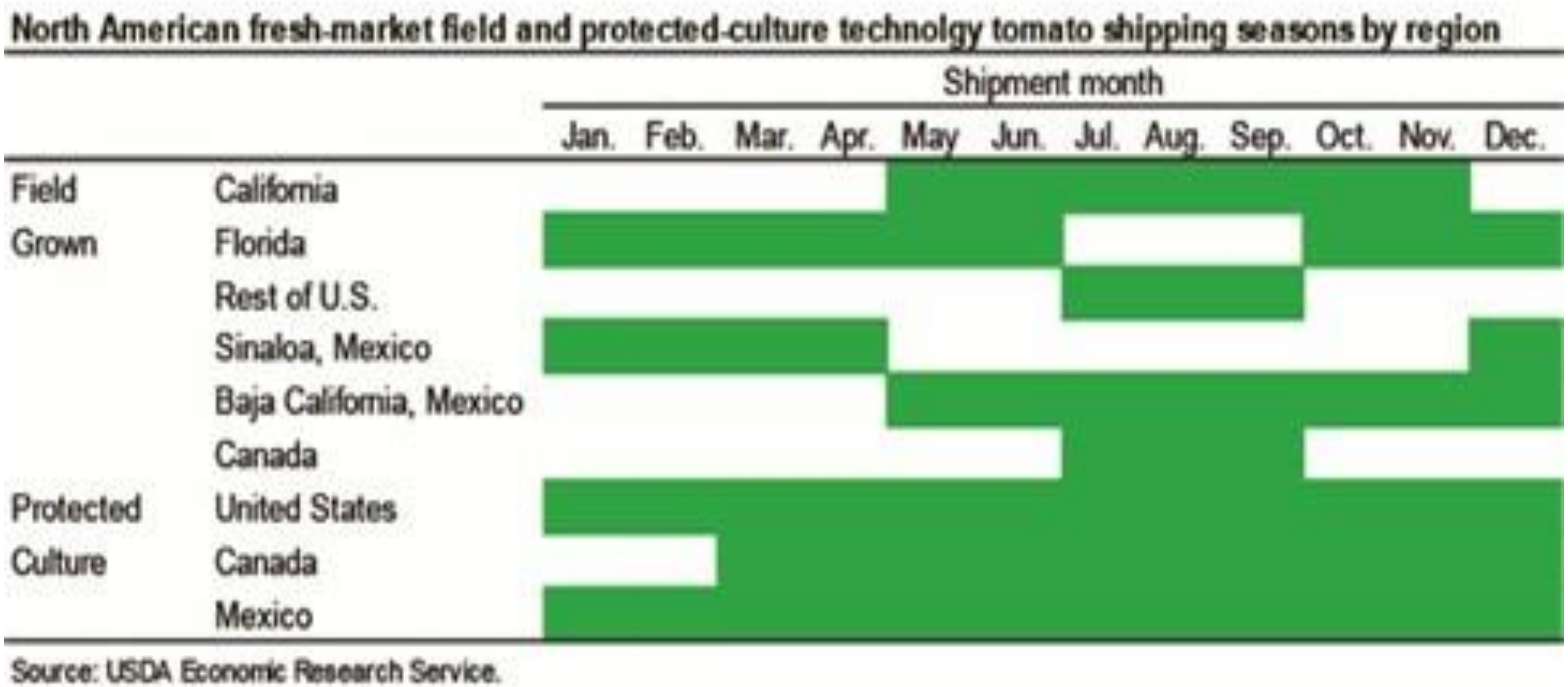
U.S. Monthly Imports Pattern (2012)



Source: U.S. Department of Commerce

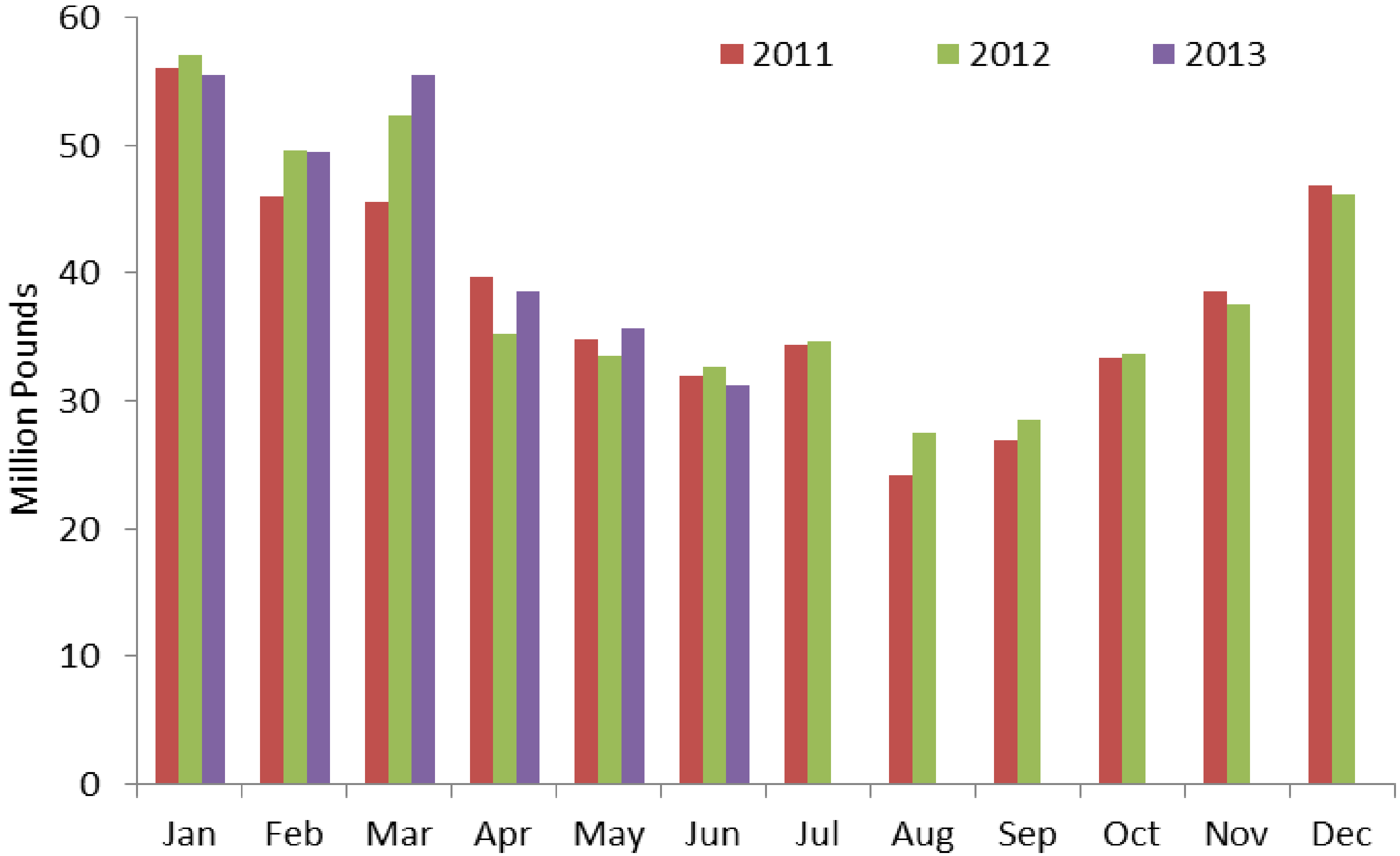
Tomato Shipping Seasons by Region

North American fresh-market field and protected-culture technology tomato shipping seasons by region



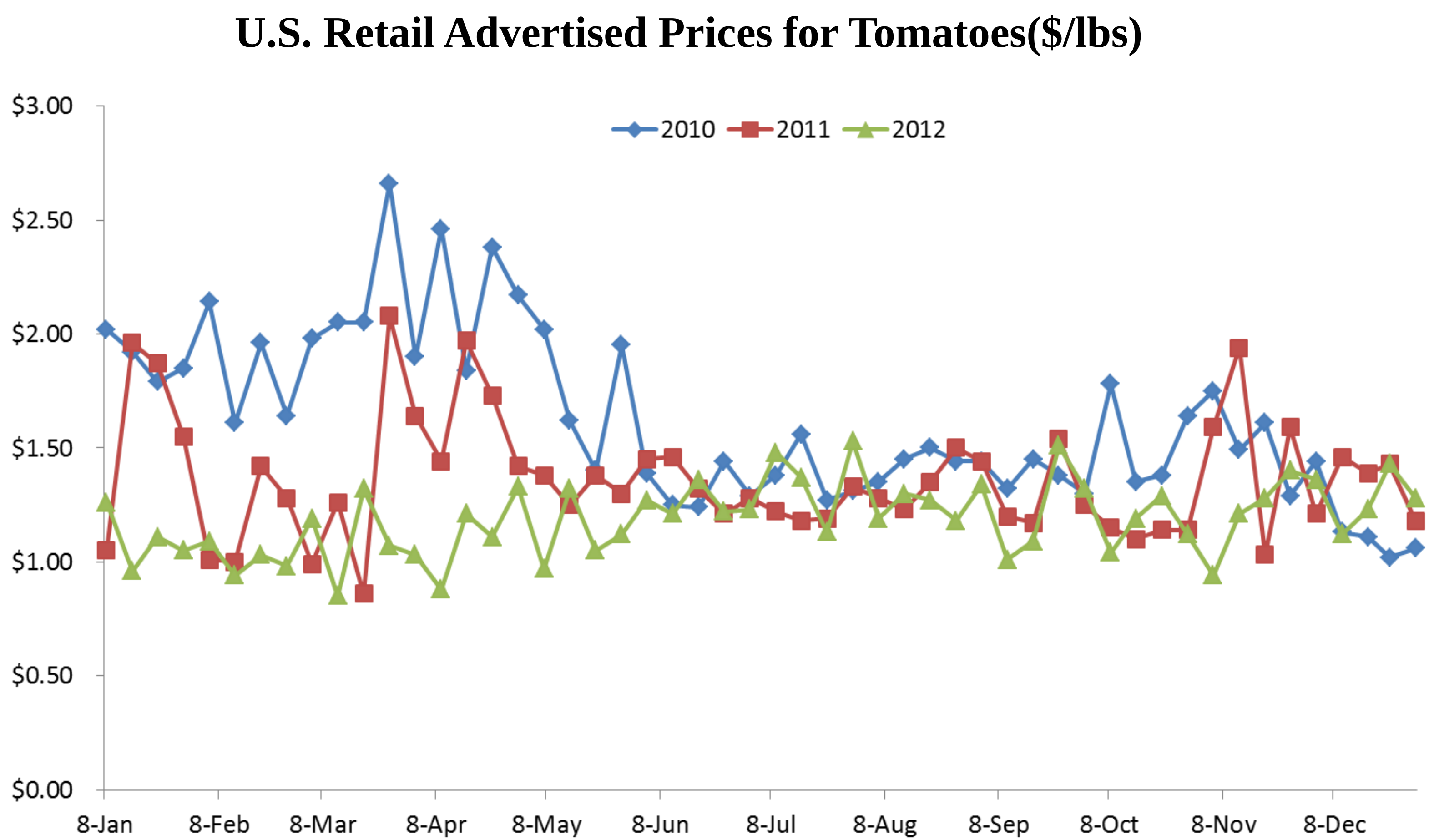
Source: USDA/ERS

U.S. Monthly Fresh Tomato Exports, 2010-June 2013



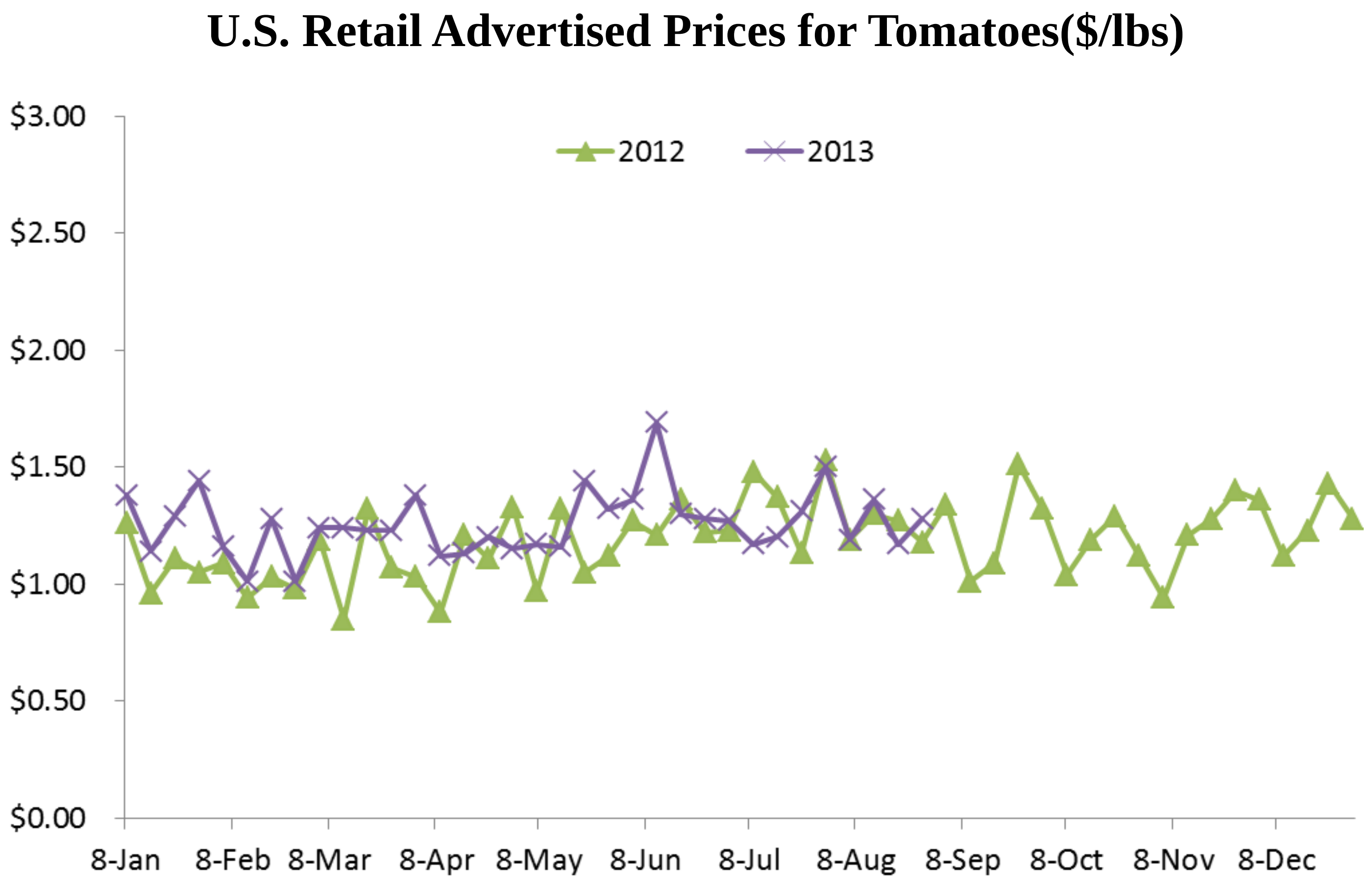
Source: U.S. Department of Commerce

U.S. Fresh Tomatoes Price



Source: USDA, Agricultural Marketing Service, National Fruit and Vegetable Retail Report

U.S. Fresh Tomatoes Price

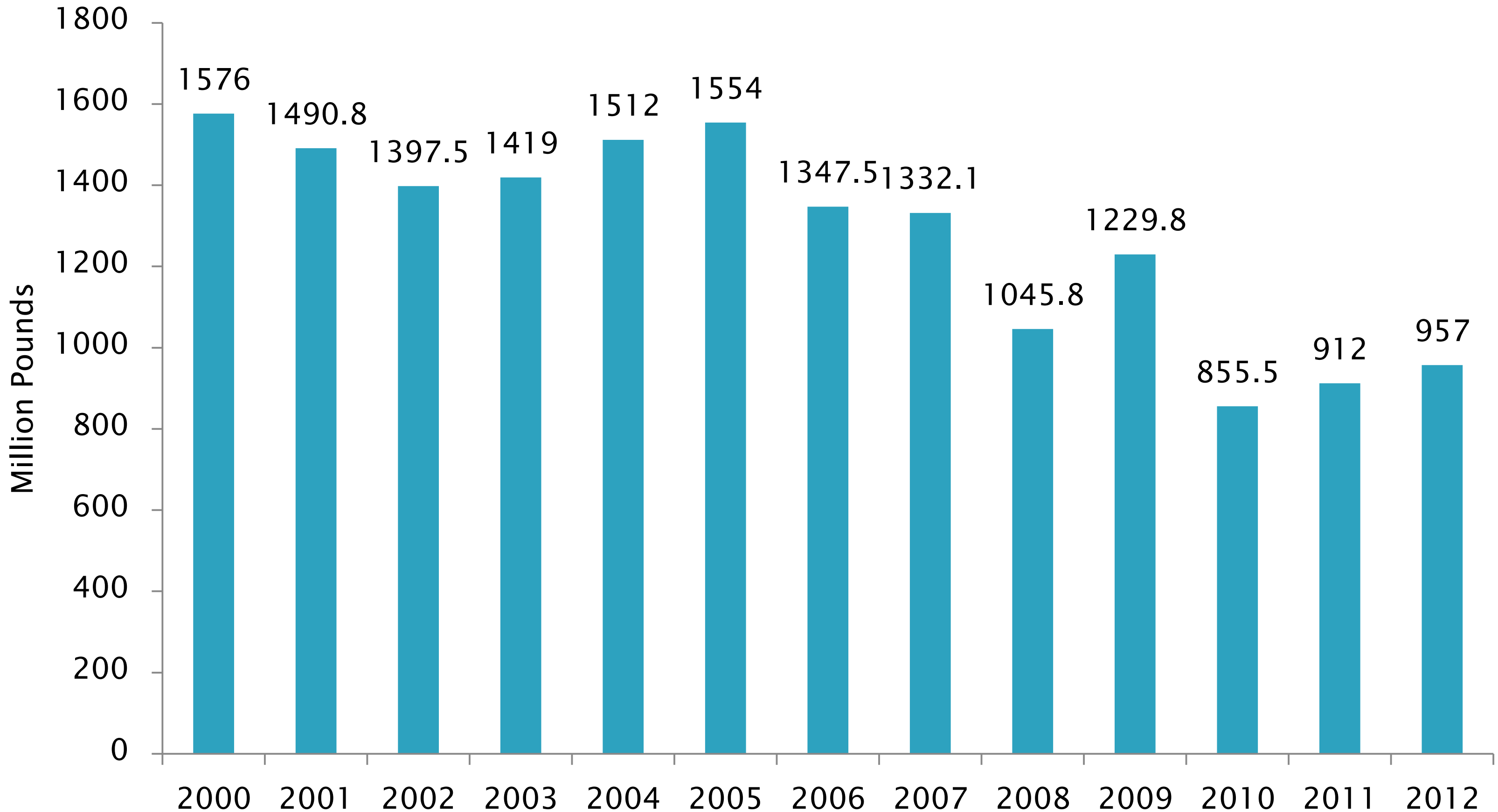


Source: USDA, Agricultural Marketing Service, National Fruit and Vegetable Retail Report

Florida Tomato Production

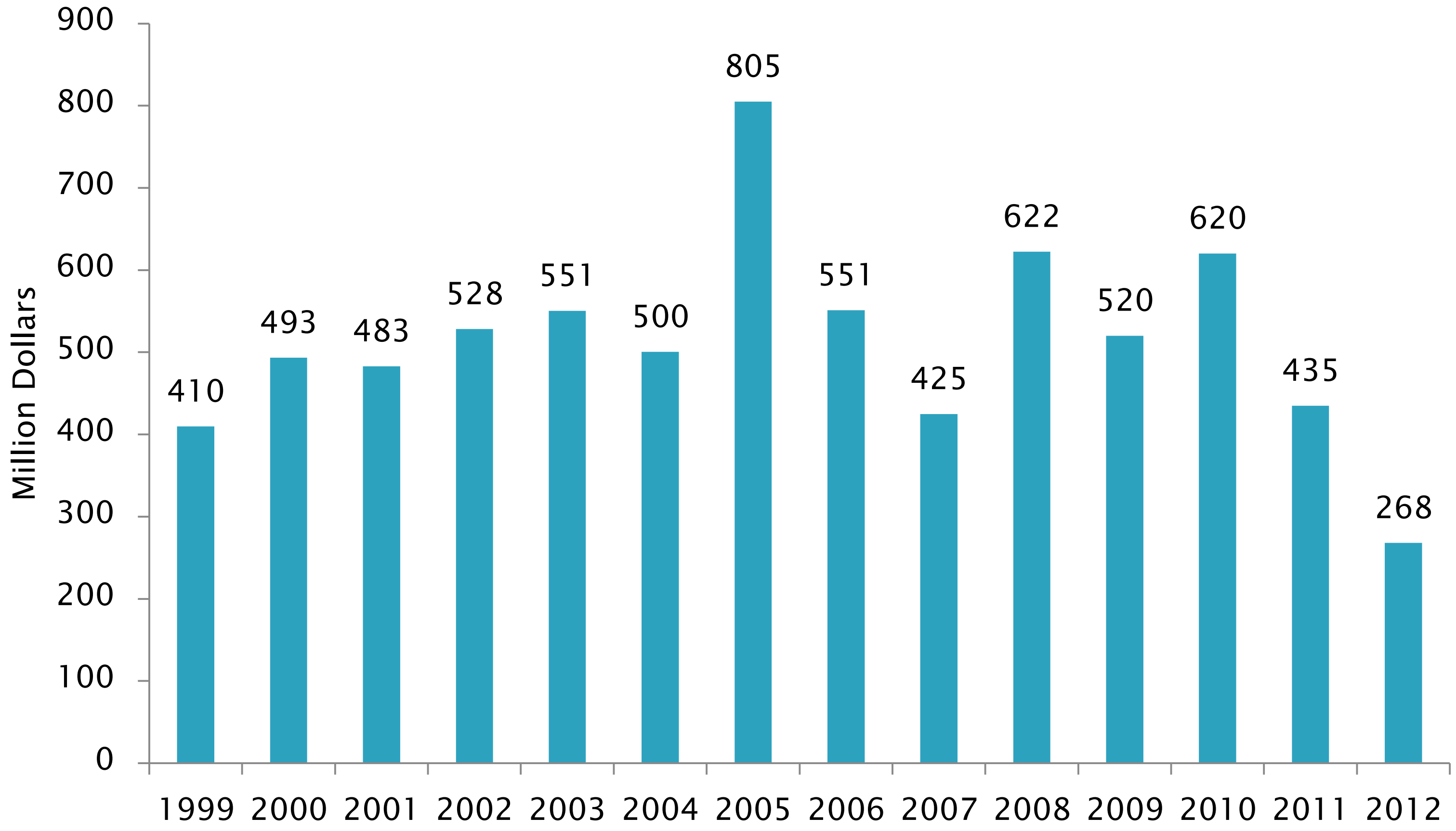
- The largest supplier of fresh tomatoes, accounting for nearly 50% of the total crop value
- Winter production predominantly in FL

Florida Fresh Tomatoes Production from 2000 to 2012



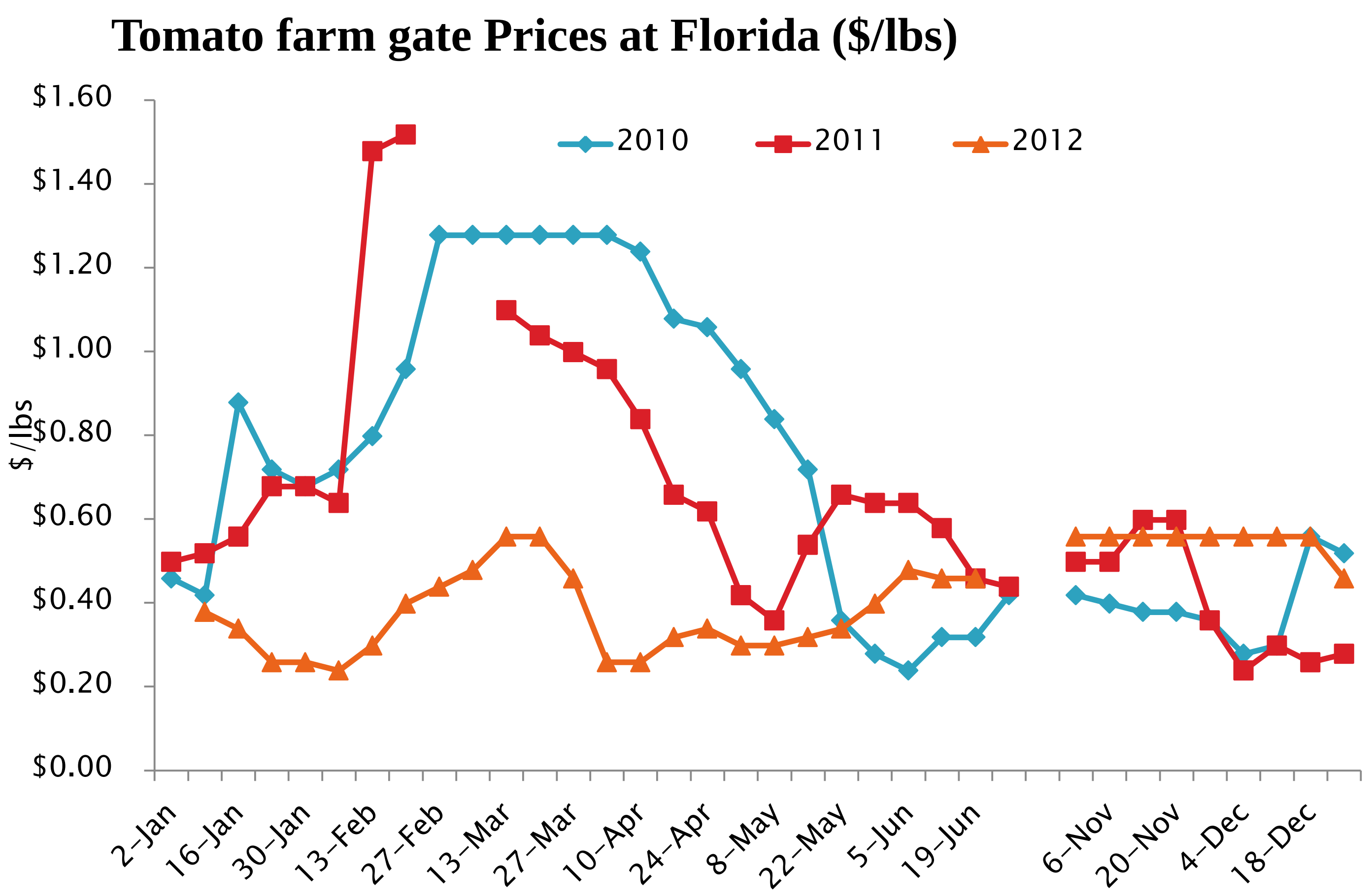
Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service.

Florida Fresh Tomato Value



Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service.

FL Tomato Farm Gate Price



Source: USDA, Agricultural Marketing Service, National Fruit and Vegetable Retail Report

Threats/Challenges for FL Industry

- Mexico competition

- U.S. tomato production decreased from 3324 million lbs in 2009 to 2759 million lbs in 2012
- Tomatoes imported increased significantly from 2623 million lbs to 3379 million lbs over the same period; increased by 750 million lbs;
- Farm gate value of Florida tomato industry and the national values slumped sharply, from $620 to $268 million;
- Market share of Florida tomatoes shrank due to the dumping of Mexican tomato to U.S. domestic tomato industry.

Threats/Challenges for FL Industry

- Mexico Protected Agriculture Policy

- The Mexican greenhouse horticulture received substantial amounts of governmental subsidies.

- In 2009,SAGARPA announced a strategic project for protected agriculture.

  - For greenhouses: $1.2 million Peso/ha, up to $3 million peso per project ($246,000).

  - Furthermore, specialized training and technical assistance eligible for subsidy of 50% of total cost, up to $100,000 peso (roughly $10,000).

  - The same subsidy applies for insurance for greenhouses, market studies; certification of GAP and GMP; promotion of products originating from protected agriculture, etc.

Threats/Challenges for FL Industry

- Benefits of Protected Agriculture
  - Higher Yield
  - The benefits in production, quality, pest control, and reduced risk exposure to climate change
  - Higher market price

Threats/Challenges for FL Industry

- Mexico Protected Tomato production

Year	hectares	acres
2010	4000	9884
2011	13000	32124
2012	14700	36324

Threats/Challenges for FL Industry

- Increasing government regulation
- Methyl bromide ban caused technological shocks, impacted yields, risks, and costs

- Increase in production costs

- high labor rates, high transportation costs;

- Cost disadvantage compared to Mexico (plenty of cheap labor force).

Labor Shortage

- “Americans don’t want to do labor work”
- “90 percent of labor force is ILLEGAL”
- E-Verify policy is threatening the supply
- Guest Worker Program (H-2A) expensive and cumbersome

- Solution: “Ag Card”?

Opportunities

- New variety development for mechanical harvesting
- New Suspension Agreements

Innovate and change

- New varieties
- Protected production
- Labor solution

Concluding Remarks

- The industry is operating under increased costs, competition and regulation
- Inefficient growers forced to exit, industry getting more consolidated
- The industry has been trending down, but the new Suspension Agreement may slow/change this trend
- Need to INNOVATE and CHANGE
- Need new varieties and labor solutions
- & Promote “buy local” ,“Made in U.S.A.”; “Fresh from Florida”!

THANK YU!

Zhengfei Guan

guanz@ufl.edu

(813) 633-4138