



Tomato Production, Trade, and the Impact of the Suspension Agreement

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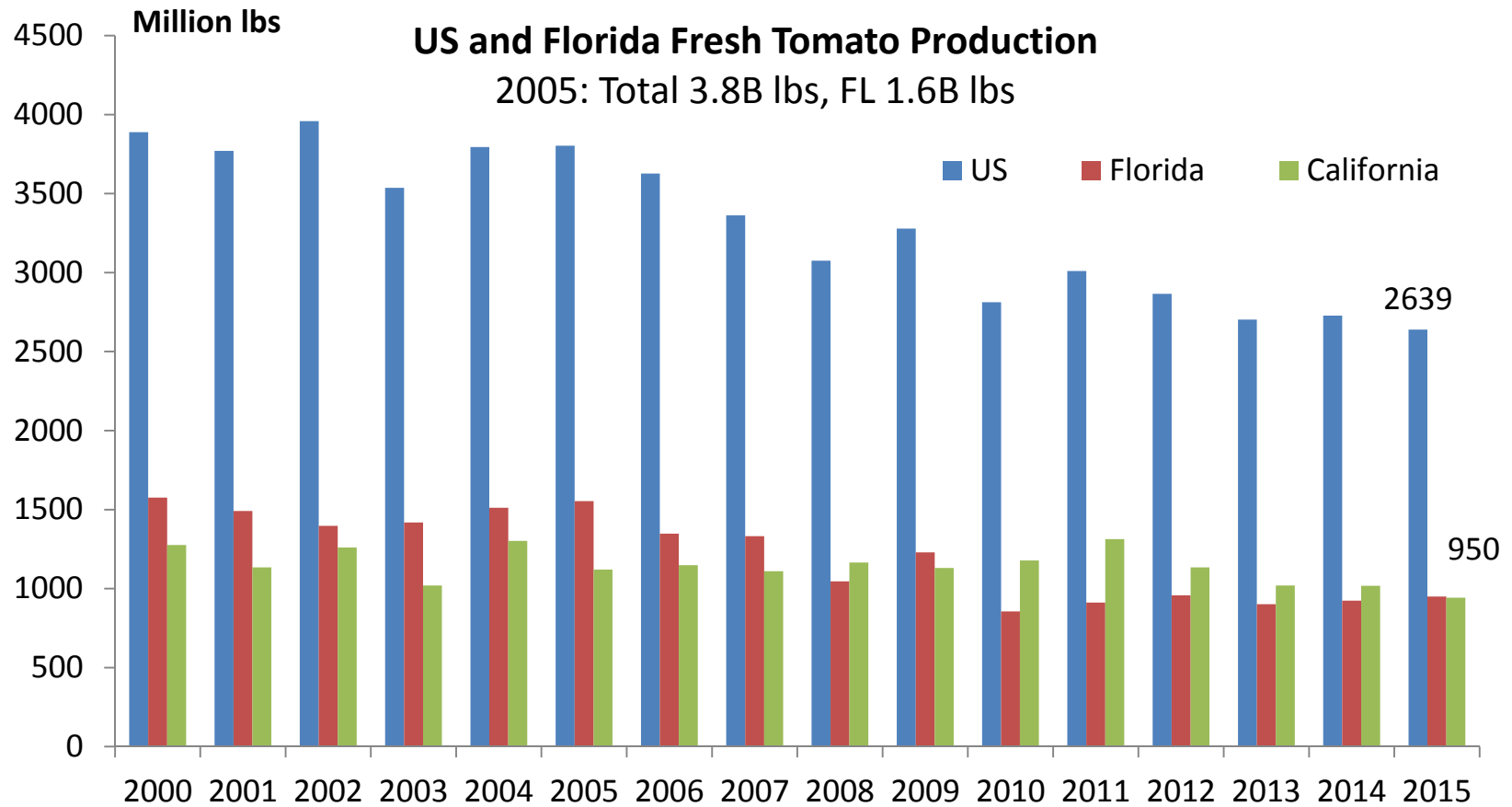
Outline

- **Industry Overview**
 - US & Florida Production, Price and Value
 - Mexican Production
 - Trade with Mexico
- **Suspension Agreement & Impact**
 - Floor price and binding effect
 - Impact on Import volume, market price and volatility
 - Main data sources: USDA-NASS, Department of Commerce

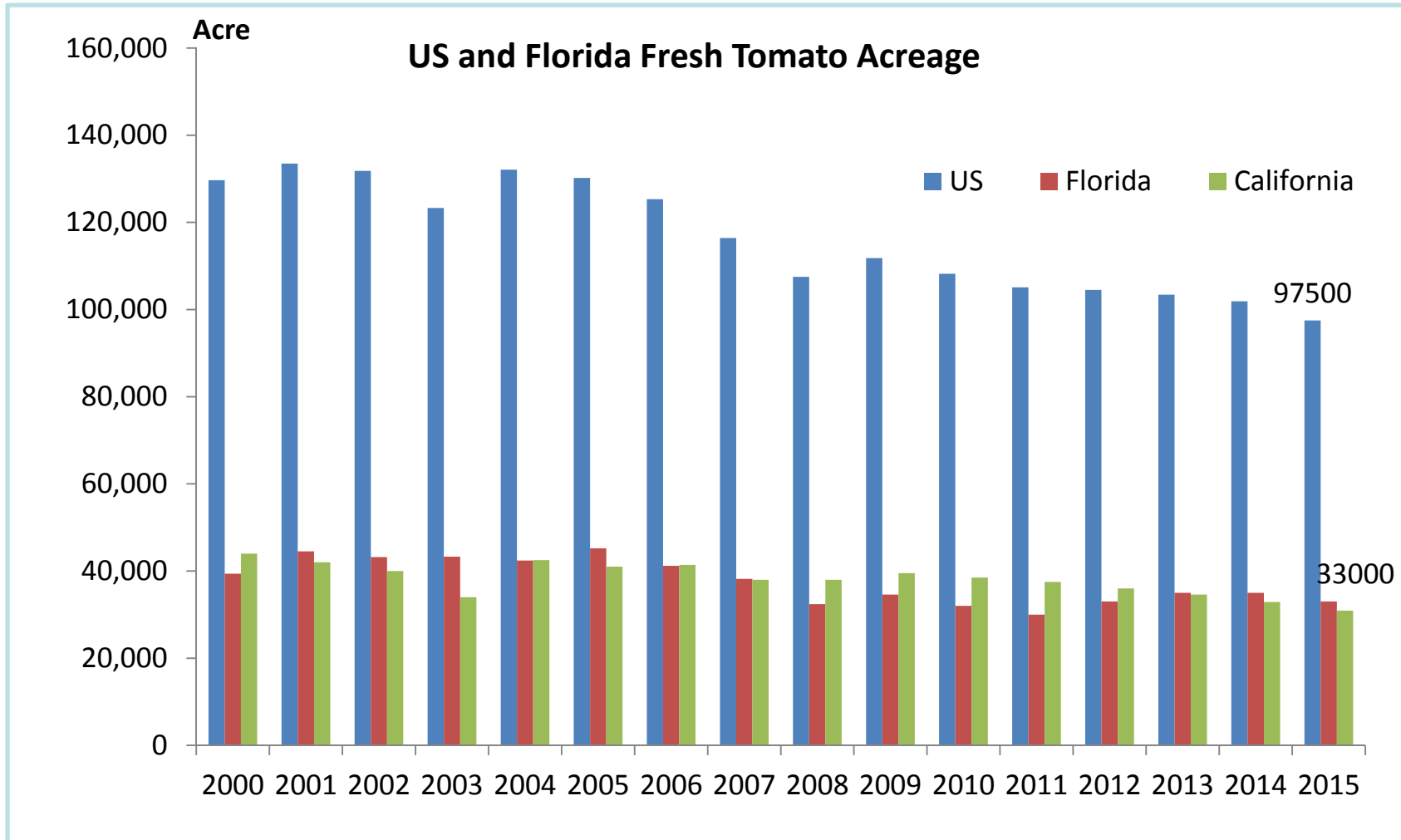
Florida Tomato Industry

- Florida **largest** supplier of fresh tomatoes in the U.S.
- Dominates the U.S. **winter** fresh tomato market
- But production has been **declining**.

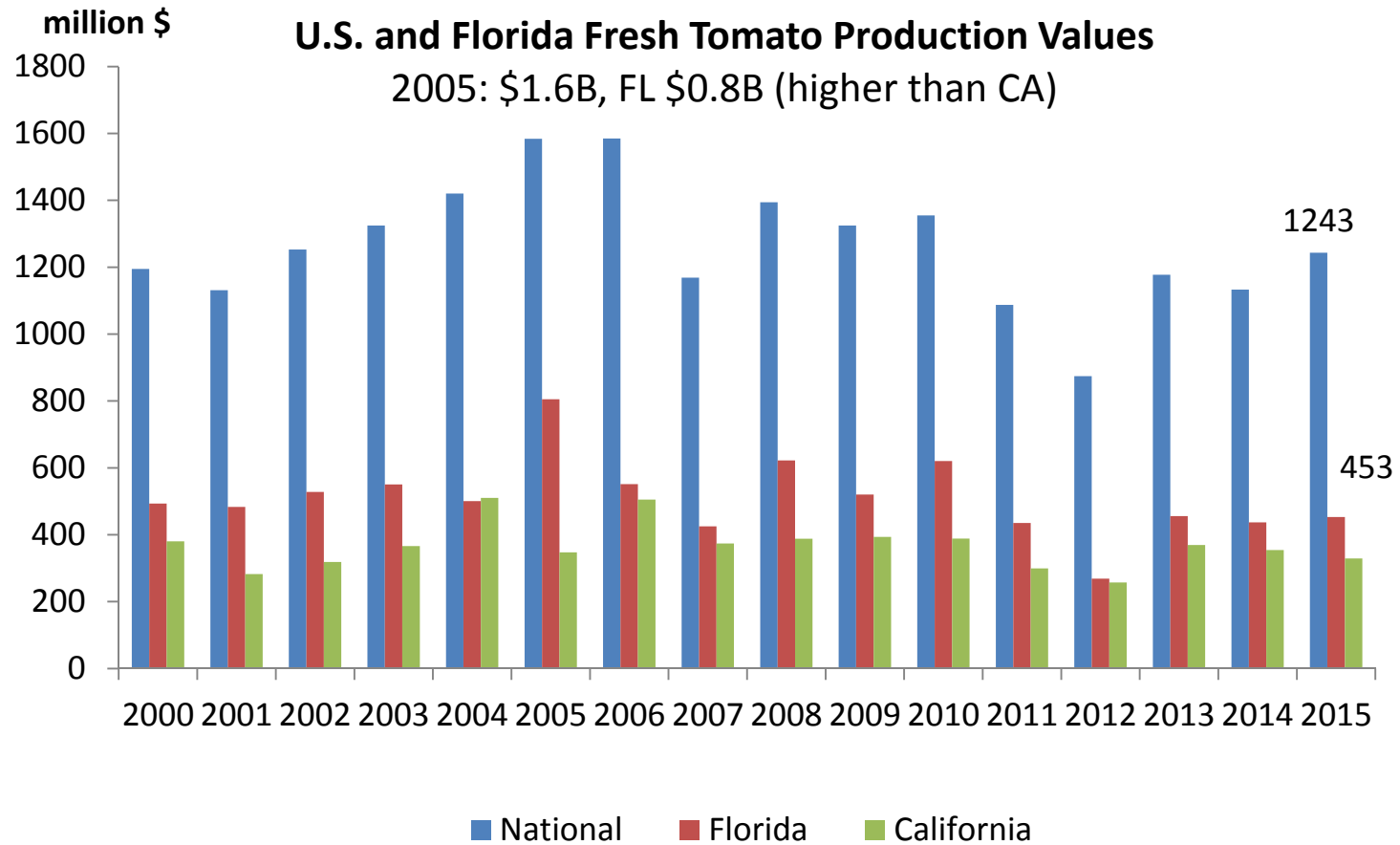
Production



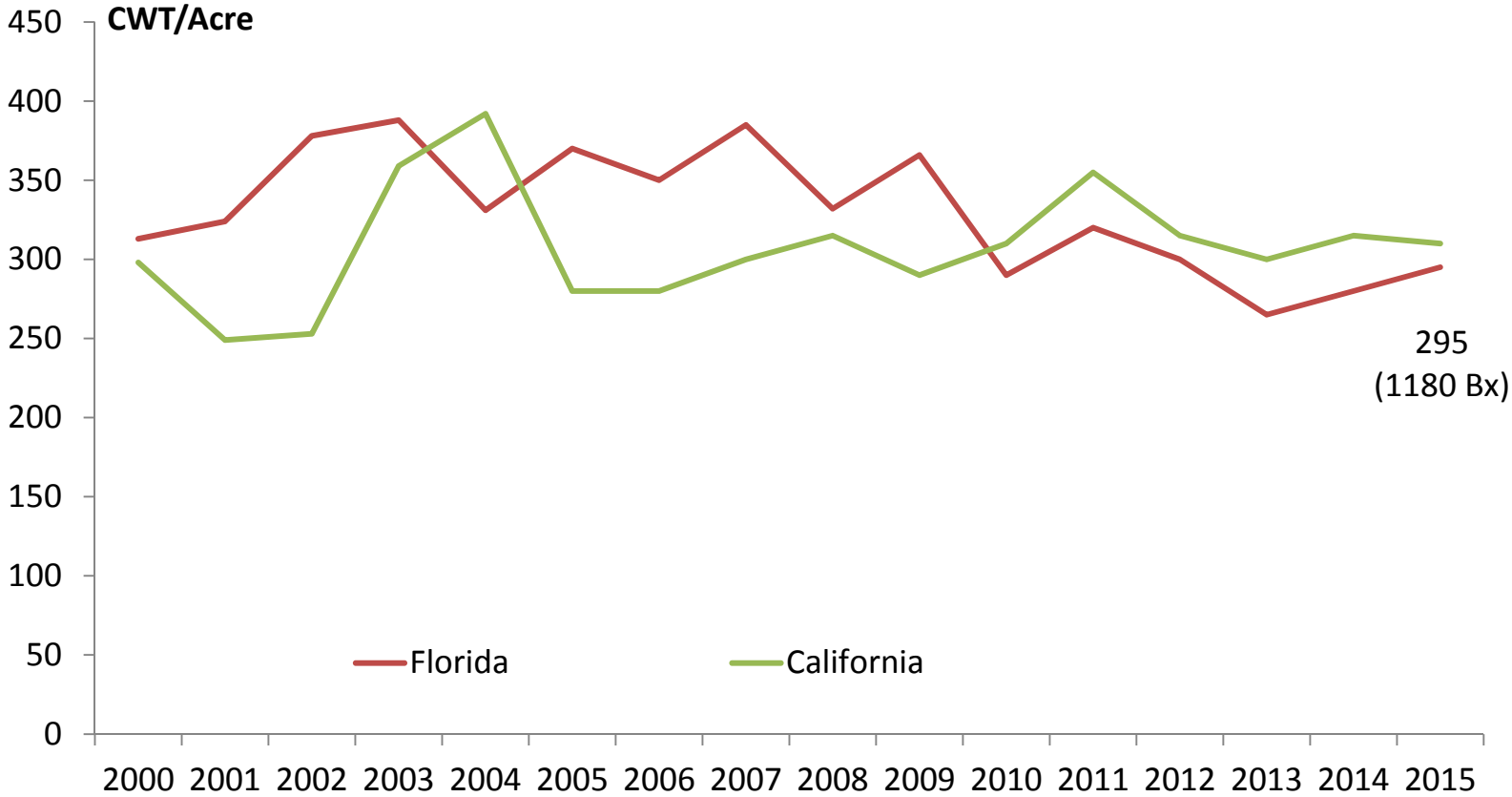
Acreage



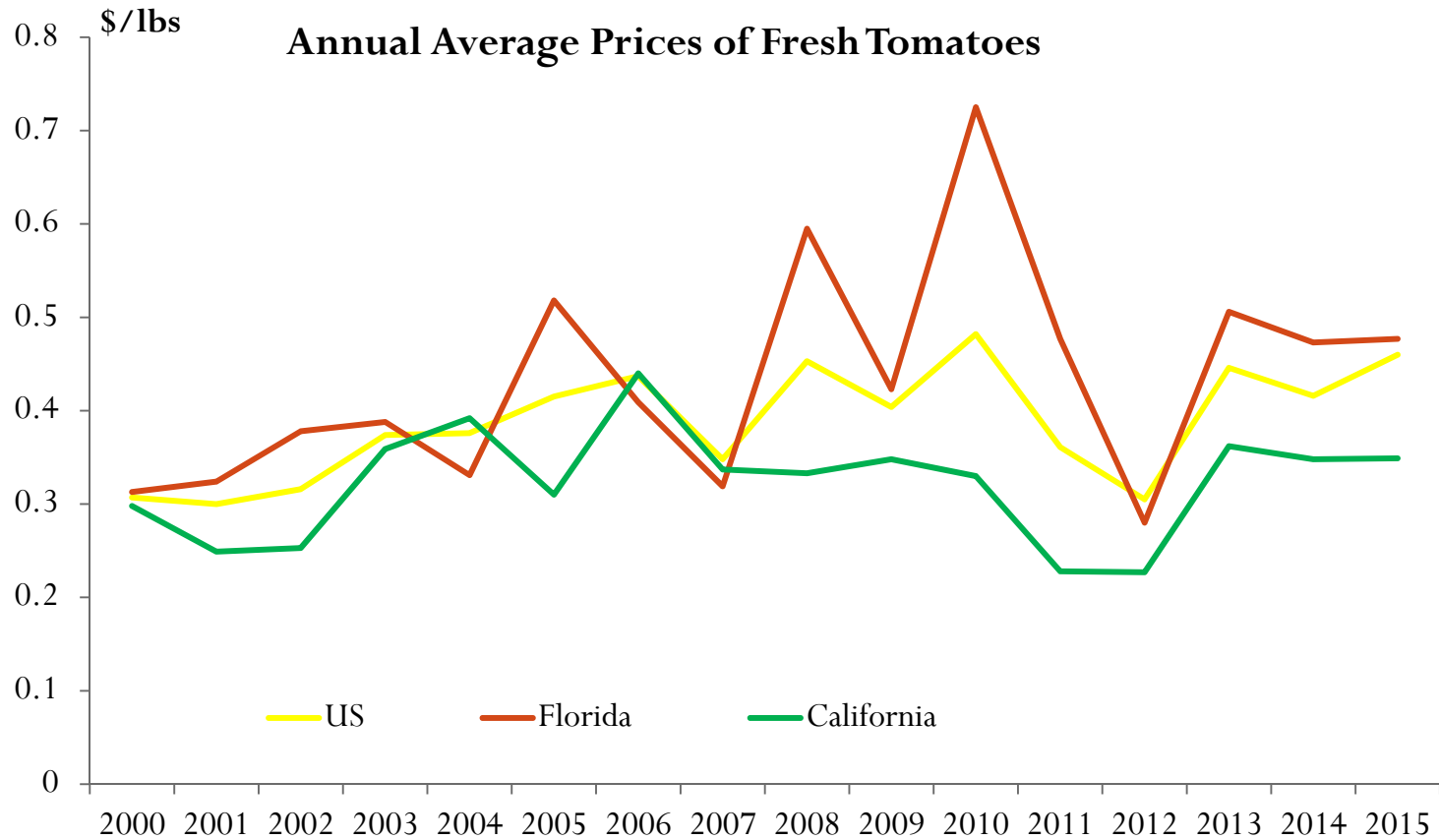
Production Value



Yield per Acre



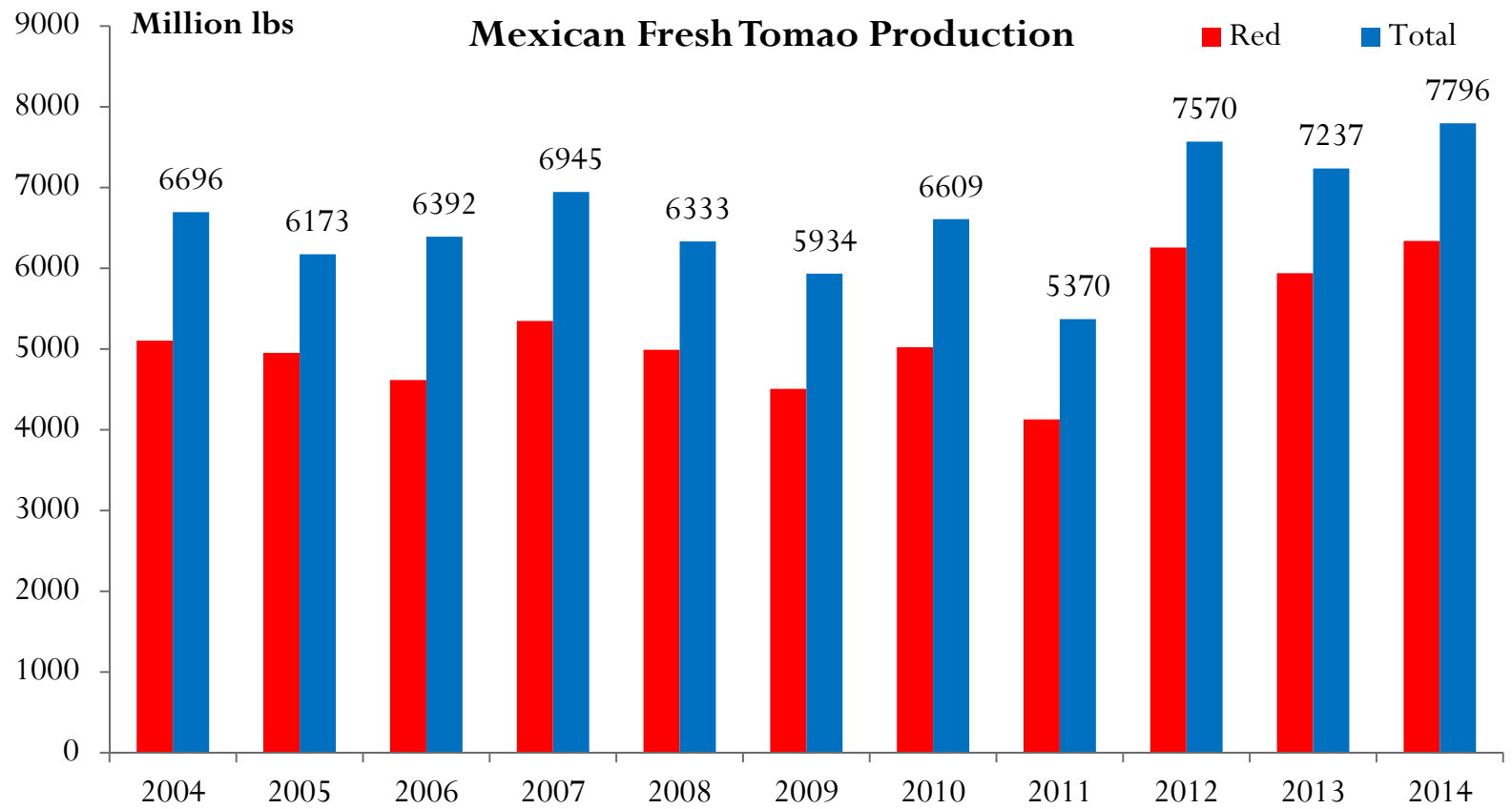
Tomato Prices



Mexican Competition

- Florida and Mexico compete for the U.S. fresh tomato market historically.
- Total imports ~\$3.5B lbs, of which Mexican imports account for about **90%**.
- Mexican Production, Trade, & Government Support

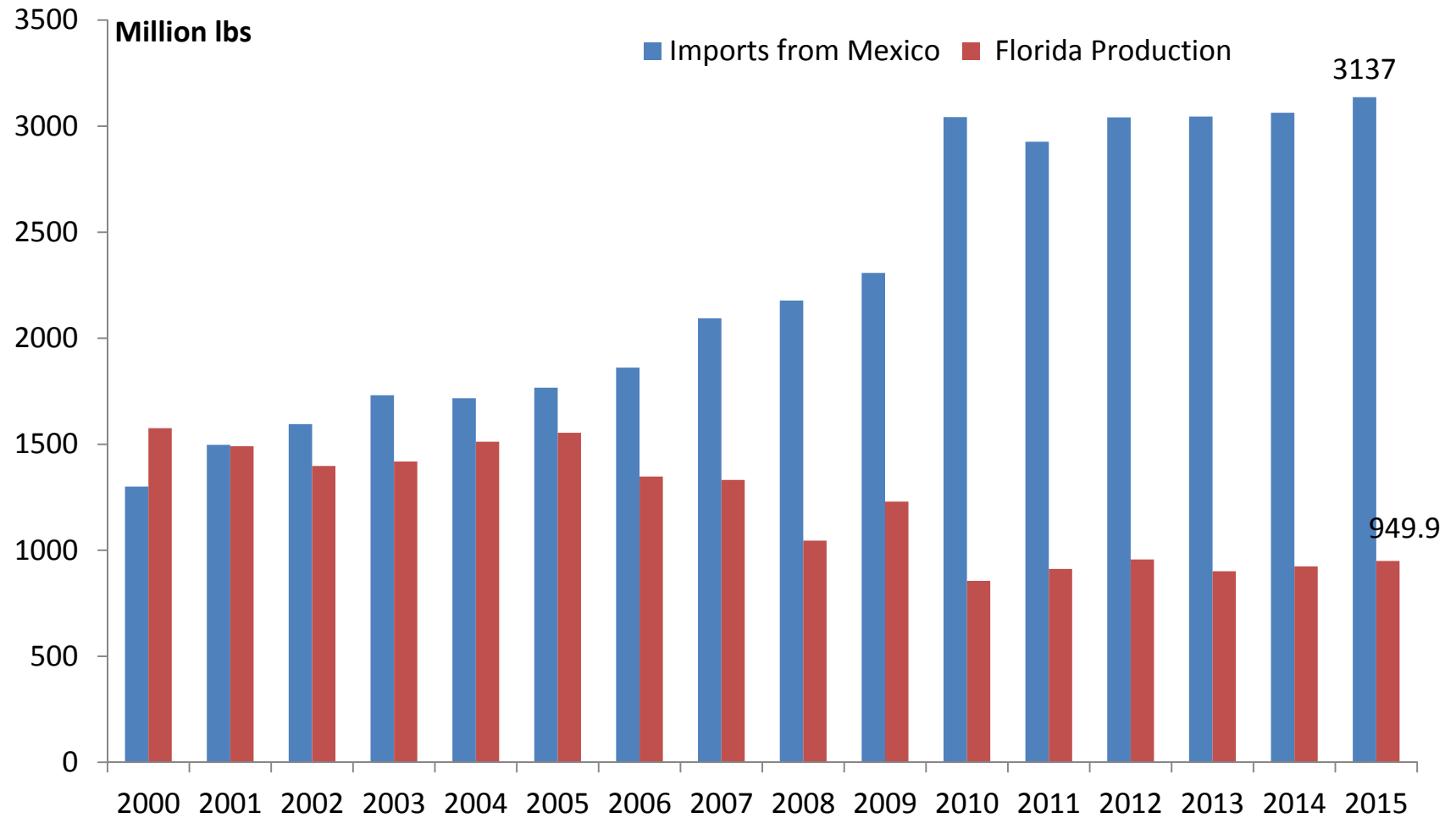
Mexican Production



Imports Growth

- Imports of Mexico tomatoes have **increased** sharply in recent years.
- Market share was about 20% smaller than Florida's in 2000, is now more than 3 times higher than Florida's.

FL Production and Imports from Mexico



Mexican Support of Protected Agriculture

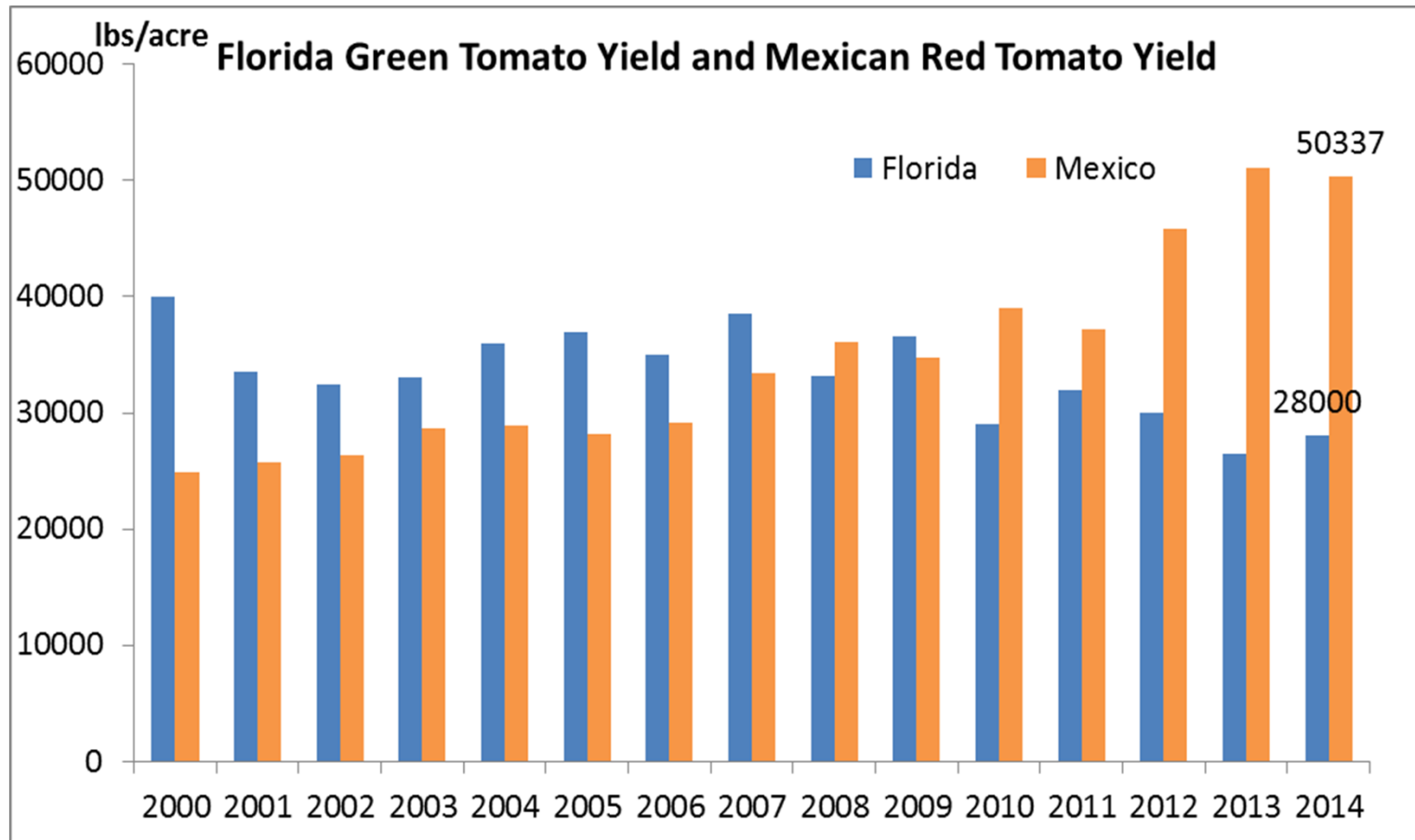
- ❑ The Mexican greenhouse horticulture received substantial amount of government support.
- ❑ In 2009, SAGARPA announced a strategic project to support protected agriculture.
 - ❑ **Greenhouses: \$1.2 million Peso/ha, up to \$3 m peso per project (~ \$250k in 2009).**
 - ❑ Furthermore, support covers 50% of specialized training and technical assistance (up to \$100,000 peso)
 - ❑ The same applies to greenhouse insurance, market studies; certification (GAP&GMP); promotion of protected agriculture product, etc.

Mexican Protected Production

- 70% of tomatoes are produced under this technology
- 15,000 Hectares (37,000 acres) in 2014/15
- better quality, better pest control
- Reduced weather risk exposure, more predictable supply
- higher prices
- Higher yield

Year	hectares	acres
2009/10	4000	9884
2010/11	13000	32124
2011/12	14700	36324

Mexican Tomato Yield



Percentage of Protected Production

- Red mainly from protected production (total production 70% from protected, but the % for red tomatoes higher).
- 50% US imports produced from “greenhouse” (adapted & controlled environment) in 2014/2015.

Suspension Agreement

- Suspension of Antidumping Investigation (filed in Apr 1996)
- Initial agreement (Dec 6, 1996) set reference prices at:
 - \$ 0.2108 per pound (Winter: October 23 - June 30)
 - \$ 0.172 per pound (Summer: July 1 - October 22)

Ref. Price	Winter (Oct 23-Jun 30)	Summer (Jul 1-Oct 22)
1996	0.2108	0.172
2003	0.2169	0.172
2013	0.31	0.2458

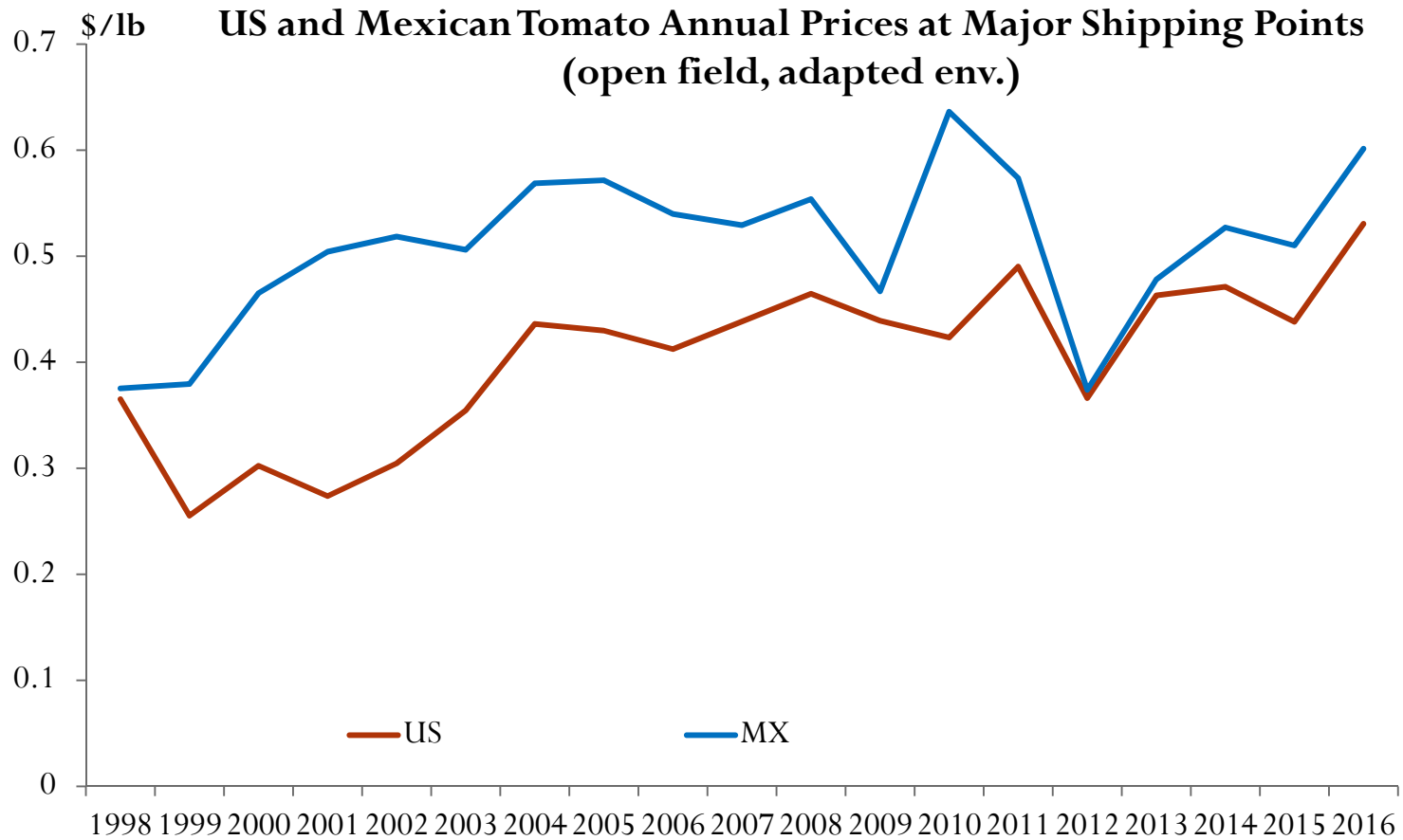
Suspension Agreement

- A new suspension agreement (March 4, 2013); New reference prices 50% higher

Table 2.- Mexico. Reference Prices For Tomatoes From Mexico

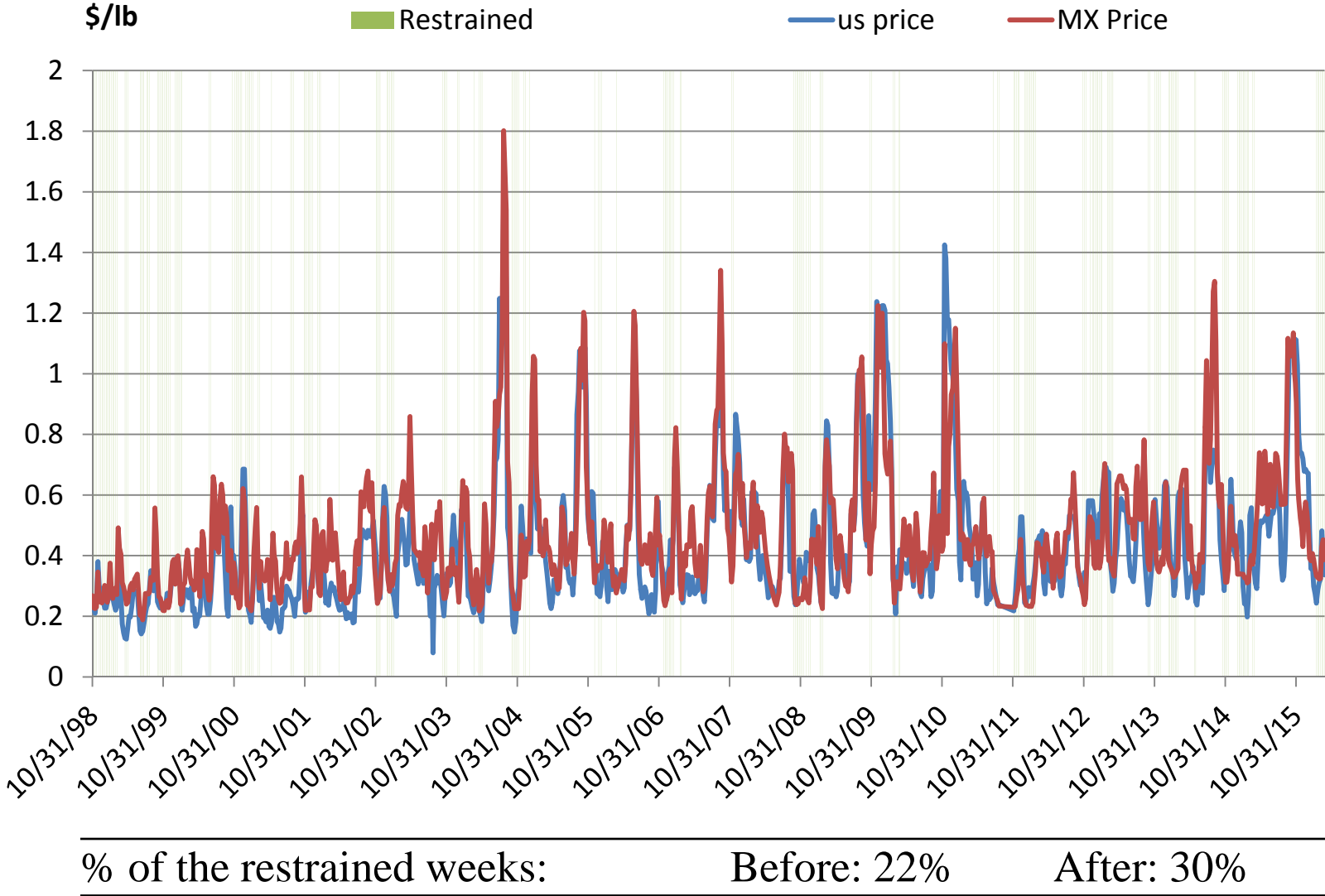
Tomato Type	Price/Lb Winter Oct 23/ June 30	Price/Lb Summer July 1/ Oct 22
Open field and adapted environment	US\$0.3100	US\$0.2458
Controlled environment	US\$0.4100	US\$0.3251
Specialty, loose	US\$0.4500	US\$0.3568
Specialty, packed	US\$0.5900	US\$0.4679
Specialty tomatoes include grape, cherry, heirloom, and cocktail tomatoes		

Domestic & Import Prices



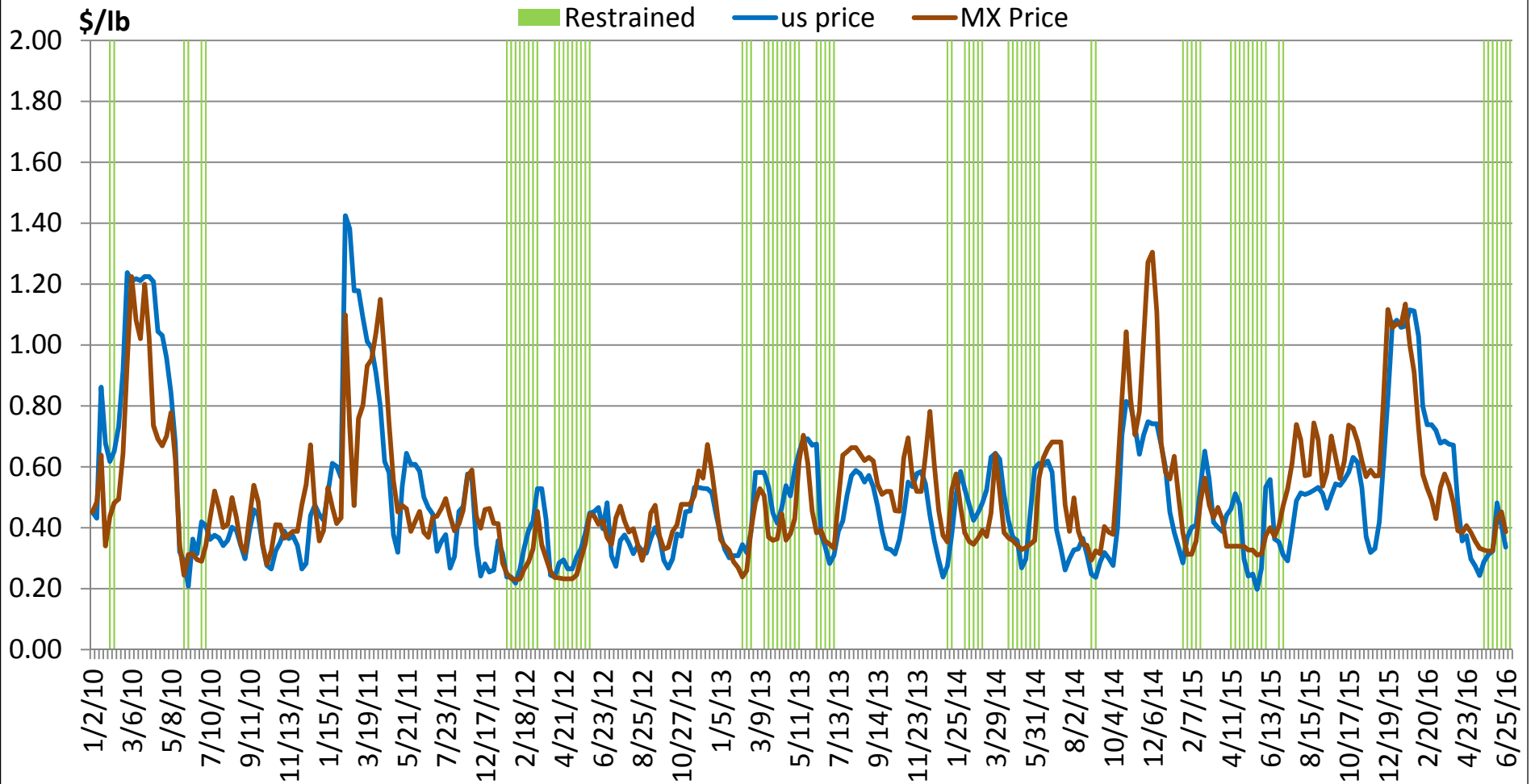
Occurrence Binding Floor Prices (1998-2016)

Weekly Prices of the U.S. and Mexican Tomatoes, 1998 - 2016



Occurrence Binding Floor Prices (2010-2016)

Weekly Prices of the U.S. and Mexican Tomatoes, 2010 - 2016

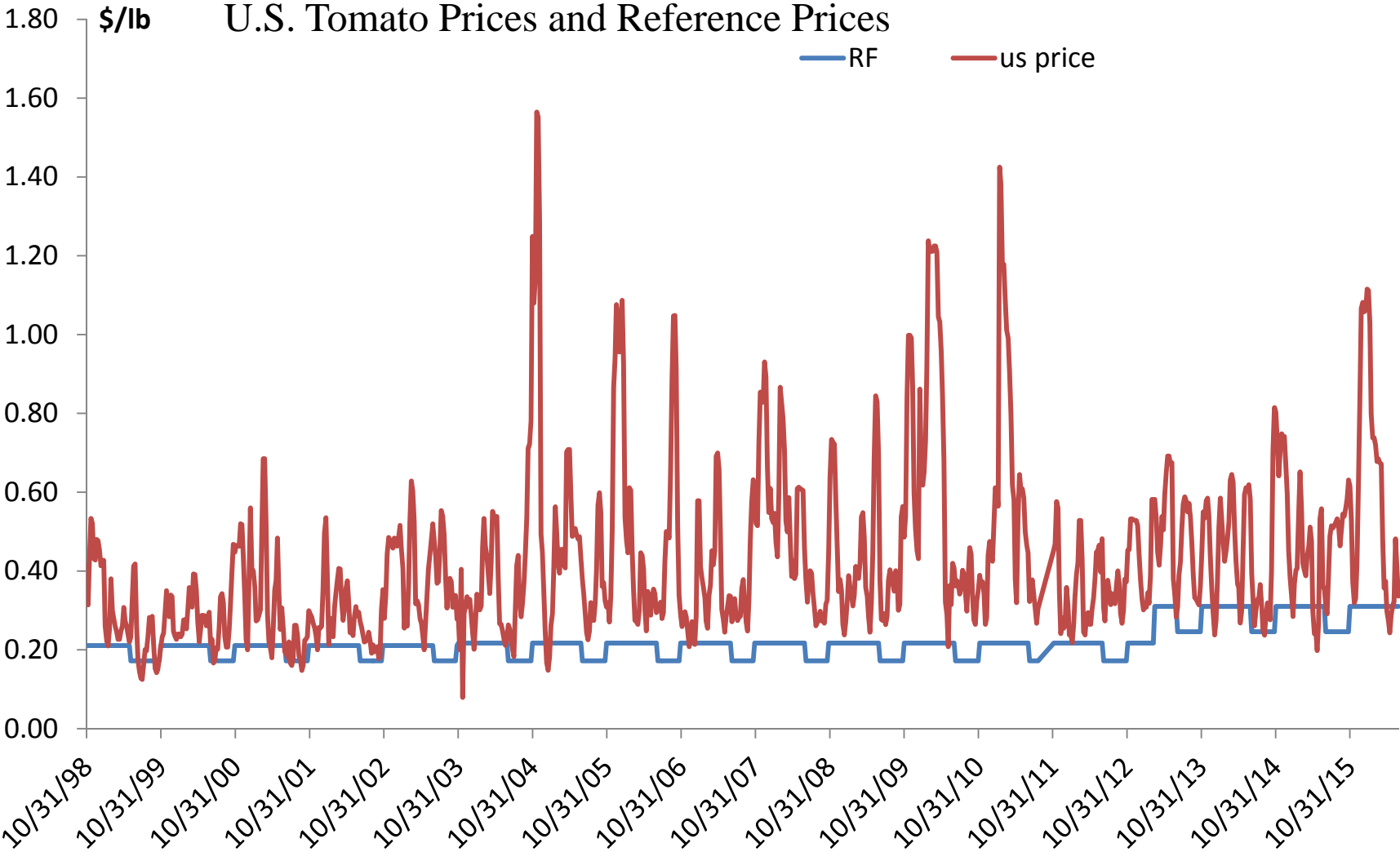


% of the restrained weeks:

Before: 19%

After: 30%

Domestic & Floor Prices



Impact of Agreement (1998-2016)

Import and Domestic Prices Before (1998-2013) and After (2013-2016)

	Before	After
Average Import Price	0.45	0.54
Average Domestic Prices	0.42	0.50
Volatility of Import Prices	0.21	0.19
Volatility of Domestic Prices	0.22	0.15
% of the restrained prices	22%	30%

Impact of Agreement (2010-2016)

Import and Domestic Prices Before (2010-2013) and After (2013-2016)

	2010-2013	After
Average Import Price	0.47	0.54
Average Domestic Prices	0.50	0.50
Volatility of Import Prices	0.21	0.19
Volatility of Domestic Prices	0.27	0.15
% of the restrained prices	19%	30%

Concluding Remarks

- US/FL acreage continued to decrease but production and value stable after 2013 Suspension Agreement.
- Average weekly import prices increased by 15%.
- Imports continued to increase after Agreement.
- The two prices are now more correlated.

- More in-depth price analysis showed: Increase in import prices boosted US price after new Agreement.
- Agreement helped! But is that enough?

THANK Y  U!

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