



Tomato

# TOMATO BULLETIN

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## Dear Tomato Growers:

### Price Negotiations Continue With Processors:

Discussions continue with processors over the 2011 raw product price for tomatoes. This year is shaping up to be different from last year with the backdrop of a strong alternative crop market and rising input costs.

- Alternative Crops- This year growers are able to find other crops that have the potential to return far more than tomatoes for 2011. Growers are currently contracting Pima Cotton for over \$2.00 per pound for 2011 and Upland Cotton for \$1.30 per pound. These prices will have a potential return of \$900+ per acre with a little less risk than tomatoes. In a recent article in Western Farm Press, the advice to growers was “Plant every acre of cotton you can”, “if you’re planting cotton in 2011-2012, it’s going to be one great year.” (here is a link to the article <http://westernfarmpress.com/cotton/cotton-continues-pull-acreage>). I have heard from a few growers that deliver late in the season, that these prices are getting to hard to turn down.
- Input costs have been skyrocketing upwards over the last four weeks.

	2010 Costs	2011 Costs
Fertilizer		
o 10-34-0	\$353 per ton	\$554 Per ton
o UN 32	\$275 per ton	\$559 Per ton
o Diesel costs are up over \$.93 per gallon from a year ago.		

We don’t have to go back very far to remember the impact of the 2008 cost increases to see how this can affect a grower’s bottom line.

The current pricing levels that are being discussed for tomatoes will not cover these increases and will leave some growers paying for the opportunity to grow tomatoes instead of some of the other crops. While we all understand the market dynamics of an oversupply position in an industry, one must expect that each processor is contracting the amount of tonnage that it believes it can sell at a profitable level. As negotiations continue, the CTGA is committed to reaching a fair and reasonable price with the processors that addresses both sides concerns.

Questions or comments?  
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## 2010 USDA Yield Report:

The USDA released the final 2010 yield and acreage information by county. The data is as follows:

<u>County</u>	<u>USDA Acres</u>	<u>USDA Reported Tonnages</u>	<u>TPA</u>
Colusa	14,000	567,000	40.50
Fresno	100,000	4,430,000	44.30
Kern	14,000	675,000	48.21
Kings	34,000	1,742,000	51.24
Madera	2,000	130,000	65.00
Merced	18,000	920,000	51.11
Sacramento	2,000	91,000	45.50
San Benito	2,000	128,000	64.00
San Joaquin	24,000	992,000	41.33
Solano	9,000	448,000	49.78
Stanislaus	9,000	406,000	45.11
Sutter	7,000	315,000	45.00
Yolo	32,000	1,315,000	41.09
<u>Other</u>	<u>3,000</u>	<u>138,000</u>	<u>46.00</u>
<b>Totals</b>	<b>270,000</b>	<b>12,297,000</b>	<b>45.54</b>

## World Crop Estimate Released:

According to The World Processed Tomato Council the 2011 preliminary crop estimate is 37,993,000 metric tons. This would be a 601,000 ton increase from production levels a year-ago and close to reported consumption levels. Below are comparisons for some of the major tomato producing countries/region:

	<u>2010 Actual</u>	<u>2011 Forecast</u>	<u>% Change</u>
• California	11,155,000 MT	11,430,000 MT	+2.5%
• China	6,210,000 MT	6,200,000 MT	-0.2%
• Italy	5,080,000 MT	4,700,000 MT	-7.5%
• Spain	2,350,000 MT	2,000,000 MT	-14.9%
• Turkey	1,280,000 MT	2,000,000 MT	+56.3%

### **Northern Italy Reaches Agreement For 2011 Raw Product Price:**

Growers in Northern Italy have reached an agreement for the 2011 tomato price at 88 Euro Per Ton. This is up from last year's settlement price of 70 Euro per ton. This represents a 25.7% increase from the previous year. According to the Foodnews article, the base price increase of 18 Euro per ton is in recognition of the decoupling of EU subsidies for the tomato crop.

### **Paste Export Sales Are Up From Previous Year:**

Paste exports are up 7.4% from 878,000 tons in 2010 to 943,000 tons so far this year. (June-Dec.). The sales price is down from an average of \$.40 per pound to its current average of \$.38 per pound. The four largest countries of export are Canada, Mexico, Italy and Turkey. (The movement to Turkey has been to replace their own crop loss due to a wet harvest.) These numbers continue to be helped by the weak dollar that is currently trading at \$1.39 for 1 Euro.