COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 10.06.1996
COM(96) 247 final

REPORT FROM THE COMMISSION TO THE COUNCIL

THE TOMATO MARKET IN THE EUROPEAN UNION

EXPLANATORY MEMORANDUM

At the Council meeting on agriculture on 19 and 22 June 1995 and during discussion of the 1995/96 price package, the Council asked the Commission to present a report on the situation in the tomato sector in the European Union.

The Commission is now in a position to send the Council this report, which was written on the basis of a survey carried out by the Commission in the Member States to compare and confirm existing information and gather information which it did not then have at its disposal.

This report confines itself to an analysis of the market for fresh tomatoes and does not deal with tomatoes for processing.

There have been difficulties on the tomato market in recent years, particularly for greenhouse tomatoes, which are faced with market reorganization resulting from the new situation which has pertained since 1993, when Spain's transitional accession period for this product ended.

This report also analyses Community assistance to production and marketing structures, which does not seem to have had a significant impact on production trends.
It also covers national aid schemes entirely financed by Member States and granted specifically to the tomato sector.

One conclusion of the report is that natural market development should reestablish sufficient equilibrium without Community intervention.

However, in the past the Commission has not objected to national aid to dismantle production potential, and such aid could be applied in the case of greenhouse production.

INTRODUCTION

At the Council meeting on agriculture of 19 and 22 June 1995, and in the context of discussion of the 1995/96 price package, the Council asked the Commission to present a report on the situation in the tomato sector in the European Union.

This report was written on the basis of a survey carried out by the Commission in the Member States to compare and confirm existing information and gather information which it did not then have at its disposal.

The period analysed covers the five years from 1990 to 1994. This period includes three marketing years during which Spain was still subject to the transitional accession rules for this product, and therefore subject to offer prices, and two marketing years, 1993 and 1994, during which Spain only retained a statistical system for monitoring consignments (supplementary trade mechanism).

This report confines itself to an analysis of the market for fresh tomatoes and does not deal with tomatoes for processing, which are considered to be a different product as regards both production and marketing conditions.

SUMMARY

The tomato has increasingly become a staple vegetable in the European diet. It occupies an important place in the Community's agricultural economy (14.7% of the total volume of vegetables). It accounts for ECU 9.4 million of the Community budget, which are used for Community intervention on the market.

Since 1990, Community production and the area planted with tomatoes have been falling. Yields, on the other hand, have been increasing at a remarkable pace because of developments in growing techniques. The trend in future will be towards more specialised production and a reduced number of enterprises.

The increase in consumption that started in 1990 seems to have reached a plateau. Nevertheless, the trend in consumption is towards variety and quality, with demand for new types and varieties, with a more "open air" flavour. Adapting production to this new demand appears to be one of the ways in which production in the northern countries can be made more dynamic and better face the strong competition of the southern countries.

Major seasonal fluctuations continue to be a key feature of this sector. Overall the price trend on wholesale markets is falling; however, there was a relative increase in rates for 1994. Although definitive figures are not available, it seems that prices have again fallen in 1995, in particular for greenhouse tomatoes produced in the north of the Community.
This fall is due primarily to a fall in prices for the "traditional round" tomato, whereas for new "high value-added" varieties (tomatoes on the stalk and cherry tomatoes), producer prices are very attractive. The volume of production of these new varieties is rising.
There is no indication that the fluctuations in value of certain weak currencies have any significant impact on the price of tomatoes coming from countries where devaluation has taken place (Spain, in particular).

Community assistance, which has fallen overall since 1990, has been used only as a safety net for the market and in no instance as a source of income, since very little recourse has been taken to that option (1.6% on average).

Community trade has increased by 27% since 1990. This is mainly as a result of the increase in Spanish consignments.
The restructuring of production calendars is at the root of certain seasonal difficulties experienced by the sector between the northern and southern regions. Until 1994, the winter period (January, February, March) was almost entirely covered by Spanish (including the Canaries) and Moroccan production, while summer corresponded to the production season of the northern Member States (Belgium, the Netherlands and, to some extent, France).

When the transitional accession period finished for Spain in 1993, restrictions on that country's prices also stopped, and the Spaniards now have full rights to sell their products to other countries during the so-called sensitive months (April, May and June), which has led to substantial overlapping with marketing of northern tomatoes.
On the other hand, greenhouse producers are trying to secure part of the "winter market" using new cultivation techniques and high value-added varieties which require major investments.

Imports from third countries, in particular Morocco, are sold principally on the French market. These imports do not seem to be disturbing the market. Moreover, since 1995 they have taken place in the context of the bilateral agreement with Morocco.

Community aid for production and marketing structures does not seem to be having a significant effect on production trends. These have been much more influenced by normal market fluctuations, and in particular changing trends in intra-Community trade.

On the other hand, the Commission does not have information on aid schemes entirely financed by Member States and specifically granted to the tomato sector. In the overall context of national aid, the sector has benefited from general aid schemes for agriculture and regional development.

1. THE WORLD MARKET

World production of tomatoes is 18% of the volume of world vegetable production. According to FAO figures, world tomato production (including tomatoes for processing) rose from 50 million tonnes in 1990 to 74.3 million tonnes in 1993. International trade in fresh tomatoes accounts for less than 4% of world production, while tomatoes for processing account for about 30%.

The low volume of exports of tomatoes for consumption unprocessed shows that the bulk of tomatoes produced in the world are intended for consumption on domestic markets.

Indeed, certain characteristics of tomatoes mean that they are not very well adapted to international trade: they are very perishable and the production periods in importing and exporting countries overlap, while prices vary greatly according to season.
The main producers are the European Union, the United States, the former Soviet Union, China and Turkey.

The European Union is the leading producer, accounting for 13.4 million tonnes, of which 6.9 million, or 48.5% of total production, are for sale on the fresh tomatoes market.[1] Trade in fresh tomatoes is highly developed in Europe, which also contains the world's biggest exporters, namely the Netherlands, Spain and Belgium, and its biggest importers, namely Germany, France and the United Kingdom.

2. THE COMMUNITY MARKET

2.1. Importance of the tomato sector in horticulture

Fresh tomatoes are an important product in the horticultural sector. The fact that they are consumed by Europeans throughout the year means that they can be considered a "staple vegetable". They account for 14.7% of all vegetables produced in the Union. On average, 13% of the Union's horticultural area is devoted to tomatoes.

[1] for the period 1990 to 1994.

The average cost to the Community budget is ECU 9.4 million[2] for market intervention measures, accounting for 1.2% of the budget for the fresh fruit and vegetables sector.
The quantities withdrawn from the market have fallen overall since 1990 and on average make up 1.6 % of tomatoes produced for eating fresh from 1990 to 1994
Over that period, France withdrew 3% of its production, followed by the Netherlands (2.8%) and Italy (2.6%).

2.2. *Community production*

On average, 48.5% of Community tomato production is for consumption unprocessed.

Italy (29.8%) leads among Europe's fresh tomato producers, followed by Spain (27.4%), Greece (10%) and the Netherlands (9%).

Until 1990 production was increasing, but it then fell from 7 million tonnes that year to 6.3 million tonnes in 1994.
Production fell substantially from the 1993 marketing year, in particular in Spain, Italy and the Netherlands.
On the other hand, in Belgium and Greece production has increased since 1990.

Table 1: Tomato production trends *(tonnes)*

	1988	1989	1990	1991	1992	1993	1994
Belgium	205 030	225 220	268 400	313 960	329 500	346 779	309 334
Greece	666 910	728 050	665 790	710 700	754 940	784 850	757 250
Spain	1 834 893	1 987 763	2 024 695	1 793 832	1 880 143	1 912 300	1 786 807
France	417 500	421 700	461 100	527 300	516 900	643 400	492 600
Italy	1 594 916	2 018 230	2 657 083	2 759 091	2 712 099	1 984 572	2 149 074
Netherlands	567 029	620 782	640 725	636 149	651 994	606 612	540 577
Portugal	63 893	80 835	86 706	72 625	64 267	n.a .	75 000
EUR-15	5.530.068	6.265.710	6.987.534	6.993.597	7.098.801	6.651.347	6.262.412

[2]average for the years 1990 to 1994. In 1994 the cost to the budget was ECU 4.46 million, or 0.5 % of the budget for the fresh fruit and vegetables sector.

Table 2: Trends in production as a proportion of total EUR production

(%)

	1988	1989	1990	1991	1992	1993	1994
Belgium	3.7	3.6	3.8	4.5	4.6	5.2	4.9
Greece	12	11.5	9.4	10.1	10.5	11.7	12
Spain	33	31.4	28.7	25.4	26.3	28.5	28.2
France	7.5	6.7	6.5	7.5	7.2	9.6	7.8
Italy	28.7	31.9	37.7	39.1	37.9	29.6	33.9
Netherlands	10.2	9.8	9.1	9	9.1	9	8.5

2.3. Situation and development of production structures

Open-air cultivation is practised in the southern countries, in particular in Italy, Spain, Greece, the south of France and Portugal.

Growing under plastic is a recent variation on open-air production, consisting in protecting the crops under plastic tunnels. These are used principally to protect the crops from wind and optimise production quality.

Greenhouse cultivation is practised in the northern countries, in particular in the Netherlands, Belgium and part of France. This type of cultivation allows crops to be kept warm artificially during the coldest periods.

The total Community area devoted to tomato production has been falling since 1990 (from 255 000 ha in 1990 to 217 000 ha in 1994). This reduction is partly the result of a fall in the area used for traditional "open air" production in the southern countries, and coincides with an increase in yields and the introduction of new varieties.
The largest area devoted to tomato growing is in Italy, which accounts for 50.6% of the total area, followed by Spain with 25.5% and Greece with 14.9%.

The total area devoted to production under cover in the Community accounts for only 9% of the total area used for fresh tomato production.
In Belgium and the Netherlands, all production area is under glass. That area has been falling steadily in the Netherlands since 1990, while in Belgium it has increased slightly. In Spain 16.6% of total production area is under cover, in Italy 5.3% and in France 60%.

The overall area fell by around 17.7% from 1990 to 1994. The decrease was greatest in France (-38.9%), followed by the Netherlands (-29.2%), Greece (-20%) and Spain (-13.4%).

Table 3: Trends in area devoted to tomato production

(hectares)

	1990	1991	1992	1993	1994
Belgium	940	945	963	946	954
Greece	38 513	39 015	36 657	33 110	32 083
Spain	69 884	59 913	55 802	57 111	61 613
France	6 600	6 650	5 960	6 060	4 750
Italy	136 378	129 669	117 595	113 426	115 248
Netherlands	1 603	1 570	1 505	1 390	1 241

The different production techniques practised lead to enormous differences in yield between each type of holding.

The tables below show the difference between "open-air" yields - 50 tonnes/ hectare - and "greenhouse" yields - 400 tonnes/hectare. Overall, between 1990 and 1994 yields increased by 2% per year for both types of production.

These major increases in yield are the result principally of improved understanding of growing techniques, new, more productive varieties now on the market and new technologies that have come into use for crops under cover.

Table 4: Trends in tomato yields

(tonnes/ha)

	1988	1989	1990	1991	1992	1993	1994
Belgium	238.8	246.1	285.5	332.2	342.2	366.6	324.2
Greece	45.5	53.2	45.6	48.4	51.2	52.4	52.6
Spain	42.8	44.9	45.2	44.5	47.4	49.1	49.8
France	108.2	113	119.3	127.7	128.2	145.4	162
Italy	41	45.5	45.7	47.7	50.5	48.4	50.4
Netherlands	330.6	368	399.7	405.2	433.2	436.4	435.6

2.4. Consumption and marketing

According to the information supplied by the Member States, consumption has increased since 1990. However, this trend is not necessarily indicative for the future, for which tomato farmers tend to predict a levelling off of consumption.

The average per-capita consumption of fresh tomatoes in the European Union is 24.6 kg[3]. This is far below the per-capita consumption level of 31 kg recorded for the OECD countries.

Greece is the biggest consumer of fresh tomatoes, followed by Italy and Spain. It should, however, be noted that fresh tomato consumption fell sharply in Spain in 1994.

The above table also shows that consumption is not uniform across the Community, quite the contrary. The differences between Member States are considerable. There is a ratio of 1:15 between the lowest and the highest Member State consumption levels.

There is a fairly marked growth in consumer preference for new varieties such as tomatoes on the stalk, cherry tomatoes or varieties with the most "open-air" flavours.

As a rule, Member States with high production levels also have high consumption levels, but the latter remain more or less constant.

Table 5: Consumption of fresh tomatoes

(kg per capita)

Member State	1988	1989	1990	1991	1992	1993	1994
Belgium	10.9	9.5	11.8	14.0	11.7	13.5	/
Denmark	5.9	/	5.5	/	/	5.0	/
Germany	13.9	14.8	15.4	15.3	15.7	16.0	14.1
Greece	66.0	72.0	65.0	69.0	73.0	76.0	73.0
Spain	37.0	40.8	43.6	37.2	36.5	35.3	28.3
France	10.0	10.3	10.4	10.6	/	/	/
Ireland	6.0	6.0	6.0	6.0	6.0	/	/
Italy	59.4	62.1	64.4	63.3	57.6	57.1	55.6
Luxembourg	/	/	/	/	/	/	/
Netherlands	6.1	6.2	6.5	6.7	6.6	6.7	6.0
Portugal	/	/	/	/	/	/	/
United Kingdom	6.4	6.6	6.4	5.9	6.0	4.5	5.5
Austria	/	/	/	/	/	/	/
Finland	8.3	8.5	9.1	8.7	9.0	9.0	9.7
Sweden	/	/	/	/	/	/	/

Different varieties of tomatoes are used to satisfy demand from European consumers, who are increasingly seeking a wide range of differentiated products. This means that producers have to work harder to adapt to this segmentation of the market by growing new varieties.

3 average for 1990 to 1994.

Over recent years the number of varieties has increased, and includes the **"cherry"** tomato and **tomatoes on the stalk** which have been very successful because of their flavour and the visible evidence that they are fresh.

The production of tomatoes to be consumed fresh, as opposed to production for processing, is spread over the entire year, which has been made possible by new production techniques and new varieties of tomato.

2.5 *Producer prices*

The most striking feature of prices for fresh tomatoes is their variation according to season. Producer prices vary greatly according to the month of production and the Member State in which the tomatoes are produced. As a rule, prices are higher in winter than from May to November and remain at stable levels throughout the winter.

Overall, prices for fresh tomatoes fell from 1990 to 1994, when they recovered slightly.

In the **1991 marketing year**, prices rose above 1990 levels.
However, they fell in Spain, Italy and Portugal. In this year production, the area planted with tomatoes and yield also rose overall.

The **1992 marketing year** was the first in which prices fell. They did so most sharply in Spain, Belgium, the Netherlands and the United Kingdom.

In **1993** the downward price trend continued. Production fell despite an increase in the area planted.

In **1994 prices were up on the preceding year.** The rise was particularly marked in the Netherlands and France, where prices recovered very well, even going beyond 1990 levels. In Italy, Belgium and Portugal, on the other hand, prices recovered slightly without reaching 1990 rates. In Spain and the United Kingdom, price quotations remained at very low levels.

Table 6 on price trends by month shows a deviation from the main trend, whereby for Spain, the Netherlands and Belgium May and June prices have risen since 1990, while March and April prices have fallen.
However, in 1994, March and April prices recovered substantially.

Table 6: Development of monthly prices in relation to 1990

1.Spain

	1990	1991	1992	1993	1994
March	100	44	64	70	88
April	100	79	72	116	95
May	100	189	160	181	132
June	100	133	101	105	146

2.Netherlands

	1990	1991	1992	1993	1994
March	100	77	68	53	77
April	100	110	79	74	91
May	100	94	126	96	104
June	100	159	123	109	148

3.Belgium

	1990	1991	1992	1993	1994
March	100	73	67	59	78
April	100	106	85	77	86
May	100	92	130	101	99
June	100	128	110	96	123

Source: Drawn up by DG VI using figures from the Ministry of Agriculture (Spain), the CBT and the VBT.

Producers in the North complained of falls in prices in 1995 which made businesses unprofitable.
This situation appears to have affected all greenhouse production, and is therefore not exclusively associated with the tomato sector.
An illustration of this problem is provided by the following figures for *traditional round tomatoes* in Belgium:

- costs (investments, production and labour): 1 400 to 1 500 BFR/m2. Normal yield is around 55 kg/m2, a high yield around 60 kg/m2;
- this means that in order to obtain a financial result sufficient to cover costs, a price level of at least 23 BFR/kg must be reached (1 400 BFR costs and 60 kg production) for the very good enterprises. The average price in Belgium was apparently 20 BFR/kg for 1995.[4]

[4]Figures provided by the Member State.

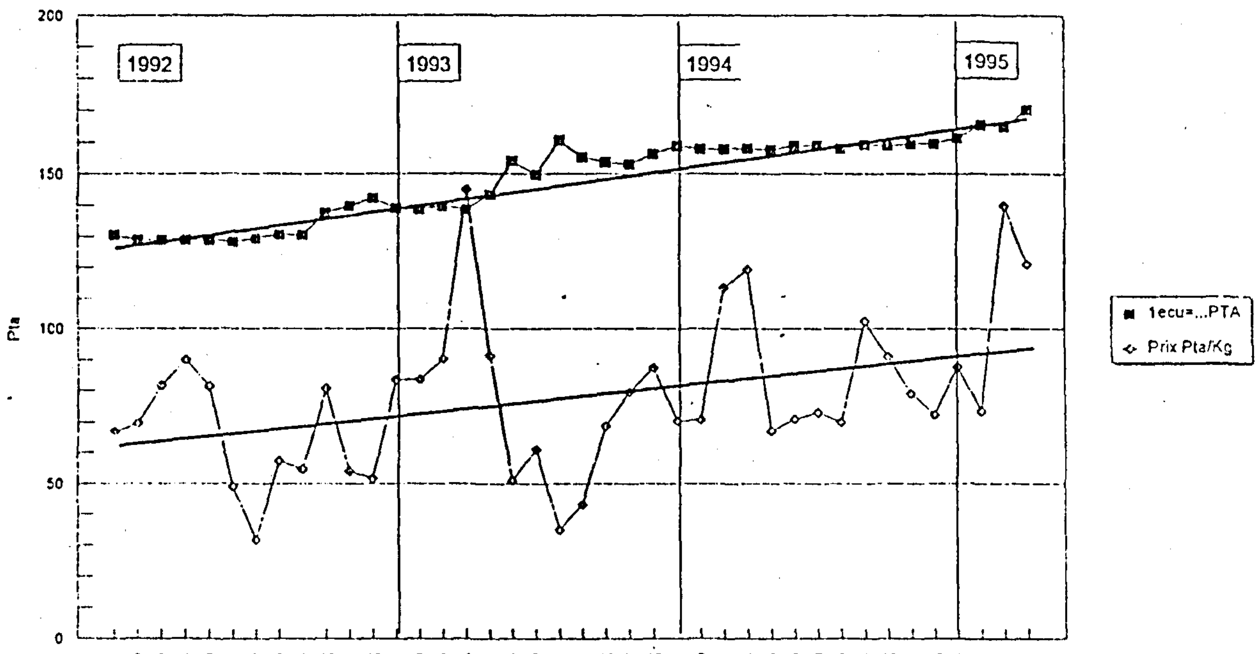
"Belgian" tomatoes are in competition with "Spanish" tomatoes, which lead price trends on the French market (55% of Belgian exports).

An examination of Spanish prices in pesetas shows that there have been major changes, independently of monetary problems. In terms of trends, the regression line from January 1992 to April 1995 shows that developments in peseta prices run almost parallel to currency devaluations. On average over 40 months, the ecu/Pta rate increased fairly steadily by a total of 32%, while prices in pesetas increased, with major variations, by 51%. This means that the price of Spanish tomatoes in ecus increased by around 14% over that period.

There is, therefore, no indication that devaluations of the peseta have had an impact on the price in ecus, or, therefore in Belgian francs, of Spanish tomatoes.

Spanish tomatoes

Influence of monetary changes on prices



January1992/ April 1995

3. ANALYSIS OF TRADE

3.1 Trade within the Community

Community trade (including the Canaries) has increased in volume by 27% since 1990.
The volume of trade is 1.3 million tonnes, or 21% of total production .

Spain accounted for the bulk of intra-Community trade in 1994, with 618 000 tonnes of consignments (of which 306 000 came from the Canaries); it should also be noted that this country has doubled its consignments since 1990. The runners-up were the Netherlands with 410 000 tonnes and Belgium with 160 800 tonnes[5].
The main Community markets receiving these consignments are in Germany, the United Kingdom and France.

Consignments from the Netherlands and Belgium have fallen since 1990, particularly during the 1993 marketing year, after which there was a slight recovery in 1994.
French and Italian consignments, on the other hand, maintained their levels, increased in 1993, and had a "record" year in 1994.

Table 7: Volume of intra-Community trade (tonnes)

	1990	1991	1992	1993	1994
Spain	291.885	331.391	414.630	433.167	618.426
Netherlands	545.958	559.175	545.010	387.053	409.669
Belgium	154.667	172.437	187.831	150.403	160.779
Italy	17.196	23.884	28.883	38.832	64.655
France	31.568	43.317	46.682	46.758	62.051
EUR-12	1.051.777	1.142.113	1.238.824	1.068.907	1.332.080

Source:Eurostat-Cronos.The figures for Spain include the Canaries.

The increase in Spanish consignments is undoubtedly related to the end of the transitional period at the beginning of the 1993 marketing year and the accompanying removal of restrictions. The increase was consolidated in 1994, a year in which production and consumption fell in Spain. It may be concluded that for that year consignments to other countries were made at the cost of sales on the domestic market. Consignments from the mainland (Almeria and Murcia) also increased more than did those from the Canaries.

---

[5]Figures for 1994.

Market calendars

Intra-Community consignments were traditionally made over two different periods:

- Between November and March (winter tomatoes), Spanish tomatoes coming from the Canaries and Murcia/Almeria .
- Between April and September (summer tomatoes), from the Netherlands and Belgium. During this period tomatoes produced in Spain went onto the domestic market.

However, two recent trends have disrupted the traditional pattern:

- Firstly, consignments originating in Spain have increased in April, May and June (see table below), while the high volume in January, February and March has been maintained. This heralds a Spanish commercial strategy aimed at sharing the marketing season traditionally reserved for northern producers.

- Secondly, there has also been an opposite trend in consignments from the Netherlands: in 1994 consignments increased in January, February and March. By contrast, consignments in May and June have fallen.
  In Belgium, consignments have increased in April and May, but also in February and March.
  These changes show competition between "northern" consignments and those of Spanish origin during the winter season.

Since 1993, the Community market has been in upheaval as regards traditional trade calendars. New marketing strategies are being established. In the Netherlands, for example, diversification has made it possible to put tomatoes on the stalk on the market in February. On the other hand, Spanish production potential is enabling certain regions to produce for 11 months out of 12.

This has been one of the key problems on the tomato market in recent years. Natural market development should find a satisfactory balance without Community assistance being called for.

Table 8: Development of trade calendars

	January			*February*			*March*		
	1992	**1993**	**1994**	**1992**	**1993**	**1994**	**1992**	**1993**	**1994**
Belgium	1170	527	1076	317	462	1862	869	2221	2182
Netherlands	22762	16510	22830	18125	14760	24694	27301	24878	36776
Spain	105219	76099	95013	50741	108644	97027	68795	89203	88256

	April			*May*			*June*		
	1992	**1993**	**1994**	**1992**	**1993**	**1994**	**1992**	**1993**	**1994**
Belgium	11478	15248	81333	23562	29100	26637	30050	34558	34204
Netherlands	46343	43828	43487	74568	72308	65076	93460	86330	77578
Spain	43801	39099	49114	8428	29671	50601	5078	11230	50601

3.2 Trade outside the Community

Imports

The principal supplier is currently Morocco, which distributed 148 000 tonnes between November and March.

The second largest supplier, with 4 000 tonnes in 1994, is Israel. The total volume of Community imports was 162 114 tonnes in 1994.

Table 9: Community Imports

	1990	**1991**	**1992**	**1993**	**1994**
MOROCCO	106 319	135 808	131 920	164 360	148 297
TURKEY	3 014	3 230	3 926	1 820	2 829
ISRAEL	7 217	5 707	5 033	3 860	4 073
TOTAL	-	-	152 066	179 572	162 114

Morocco

The area planted with tomatoes in Morocco has fallen since 1990 (from 5500 ha in 1990 to 4000 ha in 1994), with a shift towards protected crops. Production has remained stable overall, despite a fall in 1994.

The principal destination of imports from Morocco is France, which in 1994 absorbed 85% of tomato imports from Morocco. Germany is the end market for 6.4% of the total volume and Belgium and the Netherlands absorb 2% each of Moroccan imports. Spain and Italy take less than 400 tonnes each.

Protocol No 1 to the association agreement concluded with Morocco provides for a fresh tomato quota of 150 676 tonnes benefiting from a zero *ad valorem* duty and, from October to March, from a preferential entry price.

The agreement has not yet been implemented as far as the reduction in *ad valorem* duty is concerned: imports continue to benefit from zero *ad valorem* duty under the old agreement, which is still in force, within the limit of a Community quota of 96 208 tonnes for 15 November 1995 to 30 April 1996, 16 800 tonnes of this during the period 1 to 30 April 1996. In addition, Morocco benefits from a bilateral French quota at zero *ad valorem* duty of 120 000 tonnes.

When the new agreement finally enters into force, the Community quota at zero *ad valorem* duty will be 150 676 tonnes and the bilateral Franco-Moroccan quota will be abolished. The new quota will therefore be equivalent to the sum of the old Community quota, the bilateral quota taken over by the Community and the quantities allocated as a result of the enlargement by three new Member States.

The provision relating to the annual increase in the quota in the old agreement has been retained: each year from 1 January 1997 to 1 January 2000 the quantity will be increased in four equal instalments amounting to 3% of the amount.
Lastly, outside the quota the *ad valorem* duty will be reduced by 60%.

The agreement has already been implemented where the preferential entry price is concerned: it was introduced on 1 November 1995 by Council Regulation (EC) No 3057/95 of 22 December 1995 (OJ No L 326).

In the period 1 November 1995 to 30 March 1996 Morocco benefited from an entry price of ECU 500/t for a maximum quantity of 145 676 tonnes. The Common Customs Tariff's entry price, applicable to all other origins, was ECU 688/t from 1 November to 20 December 1995, ECU 738/t from 21 to 31 December 1995 and ECU 895/t from 1 January to 31 March 1996.

In accordance with Article 3 of Protocol 1 to the association agreement with Morocco, for each period subsequent to 1 October to 31 March the country will benefit from the reduced entry price for a fixed maximum quantity of 150 676 tonnes. That quantity is staggered per month as follows:

Periods	Quantities	
October	5 000	
November to March	145 676	
of which:		
November		18 601
December		36 170
January		30 749
February		33 091
March		27 065
Total:	150 676	

The entry price - ECU 500/t for 1995/96 - is reduced in the same proportions and at the same rate as the entry price consolidated under the WTO. Tolerances - 20% monthly overrun and the ability to catch up on 20% of monthly quantities not used - are provided for the period November to March within the limit of the overall quantity.
Lastly, Morocco notifies the Commission of weekly exports to the Community.

These preferential arrangements relating to the additional special duty retained and refined the provisions introduced in the first quarter of 1995 which were intended to guarantee that Morocco maintained its traditional trade flows.

For the first year of application of the new entry price arrangements, for tomatoes from 1 January 1995, an agreement in the form of an exchange of letters between the European Community and the Kingdom of Morocco[6] fixed a preferential entry price for tomatoes at ECU 560/t. That agreement was applied for the first time to the period 1 January to 31 March 1996 for a maximum 81 006 tonnes based on traditional trade flows to the Community of 12.
Morocco undertook not to exceed that quantity and to distribute it monthly: 27 756, 29 594 and 23 656 tonnes in January, February and March 1995 respectively within a tolerance of 10%, and to notify weekly quantities exported to the Community.

Analysis of that period shows that the agreement was applied correctly: quantities were strictly complied with and the various information sources tallied (see table below). In addition, prices were satisfactory, except during a critical period in February 1995.

Information sources/periods (quantities in tonnes)	Communication from Morocco: exports to the EU	Counted against quota 11.0990: quantities imported	Comext database: actual imports:
January 1995	28 697	28 884	26 189
February 1995	26 063	25 985	25 319
March 1995	24 463	26 106	25 971
Totals:	79 223	80 975	77 479

6 Council Decision of 20 December 1994 (OJ No L 48, 3.3.1995, p. 22).The Commission implemented that agreement by Regulation (EC) No 298/95 of 14 February 1995 (OJ No L 35, 25.2.1995, p. 6).

Figures available for the year in progress indicate that Morocco is under-using the preferential entry price quota. On the other hand, prices have been maintained: the standard import value has always been higher than the "Morocco" entry price except during two critical periods in mid-November 1995 and mid-January 1996.

Table 10: Development of Community Imports from Morocco

Tomatoes CN code 0702 00 in tonnes	Trade outside the Community Imports from Morocco into the European Union
1986	93 482
1987	93 194
1988	80 968
1989	91 874
1990	106 319
1991	135 808
1992	131 920
1993	164 360
1994	148 297
1995 *(January-June)*	*84 491*

Exports

Community tomato exports have been increasing constantly since 1990 for all Member States except the United Kingdom, going from 107 000 tonnes to 278 000 tonnes in 1994, an average annual increase of 24.1%.

Table 11: Exports from the Community of 12 (in tonnes)

Partners	1990	1991	1992	1993	1994
EU	2 009	4 106	3 862	12 782	12 549
Canada	425	1 769	1 067	1 978	2 891
Switzerland	25 891	29 549	29 239	34 267	39 816
Poland	2 070	22 260	29 959	43 570	32 020
Hungary	131	189	1 782	4 668	4 463
Israel	3	24	15	0	4 056
Russia	0	0	84	648	35 759
Slovenia	0	0	577	5 051	7 548
Croatia	0	0	111	1 481	6 602
Czech Republic	0	0	0	6 950	12 865
From EU 12	106 904	131 591	147 383	211 207	278 089

Generally speaking, exports have opened up towards the eastern European countries such as Russia, Poland, the Czech Republic and certain parts of the former Yugoslavia, a trade flow which should continue in the future.

II. COMMUNITY AID

1. Structural aids

(a) Aid to production structures

Until 1993, EAGGF Guidance Section contributions to such aid were not programmed. The aid was granted as required under a system set up in each Member State and the EAGGF reimbursed expenditure notified by the Member States. Expenditure was eligible provided it complied with the provisions of Council Regulation (EEC) No 2328/91 on improving the efficiency of agricultural structures. Under that Regulation, there was no specific prohibition on aid to glasshouses or tomatoes.

After 1994, a financial guideline existed for Objective 5(a) (together with programming, confined to aid granted in Objective 1 regions). However, despite the Commission's attempt to introduce specific programming for Regulation (EEC) No 2328/91 as a whole, the Council did not accept this approach. Under the present regulations, there is an indicative financial forecast only and, as regards investments, aid to glasshouses and tomatoes can continue to be granted.

In view of this situation and the ensuing difficulties when it comes to considering the possible impact of such aid on tomato production, the Member States were requested to undertake an analysis of aid granted to the latter. All Member States claimed it was impossible to provide accurate information on aid to this area. In addition, sight should not be lost of the fact that production structures for fruit and vegetables vary greatly (depending on whether they are protected by plastic, netting, glass, etc.) and may be used for the production of several products depending on the season, the climate, consumer taste, the market, etc., which makes an accurate analysis under Objective 5(a) even more difficult.

However, under the Operational Programmes, this type of investment is easier to identify. Thus, despite requests from a certain number of Member States regarding the construction of glasshouses for tomatoes, the reply has always been negative. The most recent case concerns Spain. The only cases where part-financing has been agreed to for glasshouses have involved highly specific measures and products such as flowers and out-of-season production.

Outside such Operational Programmes and in the absence of precise indicators, one can only venture an analysis. Since the regulations do not provide for a discriminating approach, some information was collected from the Member States to give an approximate idea of the situation. On the basis of data received, 5.5% of aid for investments under Regulation (EEC) No 2328/91 during the period 1990-94 was used for the construction and modernization of glasshouses for all sorts of products, i.e. fruit, vegetables, flowers and nursery products. Such investments represent an overall burden of ECU 347.65 million on the EAGGF in 1990-94 for the Community as a whole.

Using that overall figure as a basis and extrapolating therefrom, one can attempt to identify aid to tomatoes since this product accounts for around 14% of total fruit and vegetable production only (excluding flowers and nursery products). By applying that percentage to the total aid to such investments, a figure of ECU 48.67 million is arrived at for the EAGGF contribution for 1990-94, giving an annual average of ECU 9.73 million for the Community of Twelve.

One may conclude that while some marginal utilization of glasshouses for tomato production cannot be ruled out, the impact of structural aid to such investments on Community production is negligible.

(b) Aid to processing and marketing structures

To gain a comprehensive idea of the situation, aid for the processing and marketing of agricultural products should also be considered. In this area aid is permitted subject to precise selection criteria [see Annex]. Thus investments in the processing of tomatoes are prohibited or are subject to highly restrictive conditions, such as a 20% reduction in processing capacity. However, aid to marketing (fruit and vegetable markets and packaging) is generally permitted with the aim of facilitating the disposal of products on the market and is consequently beneficial for the production chain.

For information, the table below summarizes aid for the processing and marketing of fruit and vegetables as a whole for 1991-93. In view of the restrictive approach in selection criteria and the relative importance of tomatoes in the fruit and vegetable industry as a whole, one may conclude that tomatoes have barely benefited from aid to processing and marketing.

Regulation (EEC) No 866/90 - FRUIT AND VEGETABLES
1991-93

(ECU million)

Member State	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	Total EUR-12
Total for 1991-93	5.78	0.11	29.10	22.06	56.95	31.40	2.37	74.17	0	4.59	26.2	6.64	259.37
Annual average	1.45	0.03	7.28	5.52	14.24	7.85	0.59	18.54	0	1.15	6.55	1.66	64.84

2. *National aids*

2.1 *State aid cases in the tomato sector*

The Commission has no information about national aid schemes, solely financed by Member States, which are specificaly destined for the tomato sector. The only known case which is linked with the actual situation in the tomato market is a Belgian request for an an aid scheme.This scheme concerns rescue aid in the form of interest relief and state guarantee on credits for producers of tomatoes, paprika and cucumbers, who are in financial difficulties.

According to current Commission policy the main condition for accepting such rescue aid is that it concerns investments made in the past and that the rescue aid in cumulation with investment aid already granted does not go beyond the maximum aid levels which are normally applied for investment aid.

Further conditions for accepting rescue aid are that the financial difficulties of the enterprises concerned are caused by external factors or that the aided enterprises present proof of their future viability.

It has to be pointed out that the current market problems of tomato producers in Belgium are the only conditions which may trigger the granting of such rescue aid. Granting this such aid could equally be possible as a consequence of other events such as a rise in interest rates. The main reason however for the Commission not to raise any objection to such aid is the fact that the investment aid granted in the past has not reached the limits normally accepted by the Commission. On this basis such aid can be considered as an additional investment aid "ex posteriori".

2.2 *Aid for the tomato sector in the context of general aid schemes*

Even if no specific national aid schemes for tomato producers are known to the Commission, the tomato sector can benefit from general State aid schemes for horticulture or indeed for regional schemes which do not exclude the agricultural sector. The possibilities for such aid are however rather limited for the reasons laid out below:

2.2.1 The Commission considers that national aid in the form of **operating support** (aid per unit of input or output, or per ha) is normally incompatible with the common market because this aid has no lasting effect on the development of the sector concerned. Furthermore in the case of products subject to common market organisation these aids risk disturbing Community support mechanisms and are consequently considered as infringements to the market organisations concerned. The CMO are considered as complete and exhaustive regulations for the products concerned which exclude any additional national aid. So if such aid were to exist it would as a general rule be granted on illegal terms.

In the context of the discussion on the tomato market of the European Union two Dutch measures for the horticultural sector which might be thought to constitute operating aid (but which do not necessarily fulfil the conditions of Article 92 (1)) have to be mentioned:

- The gas tariff system for Dutch horticulture actually applied is considered by the Commission as not giving an economic advantage towards horticulture vis-à-vis other sectors of the Dutch economy because they can obtain the same tariff if they use quantities of gas to the same extent as in horticulture. Consequently no State aid falls under Article 92 (1) in this tariff The gas price in the Netherlands is for all sectors indexed to the oil price.

- Furthermore the Commission has no information about any possible aid in the form of tax relief for Dutch horticulture. This applies as well for the energy tax which has recently been approved by the Commission. This tax foresees a partial exemption of horticulture from the tax on energy. The main reason for the Commission accepting this exception for horticulture under glass was that "full taxation would not allow full rechannelling of the yield of the tax which is a precondition of this scheme" and "on the contrary, it would result in a substantial increase of the tax burden" for the horticultural sector (Commission decision of 20 December 1995).

2.2.2 The only kind of operating aid fulfilling Aricle 92(1) which is possible as cofinanced aid under Council Regulation (EEC) No 2078/92 and as State aid is **aid for environmentally compatible production methods** in agriculture. This aid, normally granted in form of per ha aid, is destined to compensate for loss of income incurred as consequence of the undertakings for environmental protection given by the beneficiary plus an incentive element. It has to be mentioned that in current Commission policy on State aid the scale of incentive is not circumscribed.

Aid for environmentally compatible farming practices is often granted in form of cofinanced aid under the terms of the abovementioned Council regulation. As this regulation does not exclude State aid granted under differing conditions or exceeding the limits set in the regulation, supplementary State aid schemes exist in several Member States.

2.2.3 As concerns **Investment aid** this aid can be granted to tomato producers in the context of general aid schemes. These aid schemes aid fall to a great extent within the scope of Council Regulation (EEC) No 2328/91. This regulation allows supplementary State aid for investments only for specific purposes as e.g. aid for environmental protection not linked with an increase in production capacity.

CONCLUSIONS

1. On the basis of this Community-wide analysis it can be stated that the Community market for fresh tomatoes seems to be balanced overall, with the normal fluctuations that characterise a dynamic market.

   Despite the increase in consumption since 1990, which appears to be setting in for the future, Community production and areas planted are falling. There have, however, been remarkable innovations in cultivation techniques, which have greatly increased yields.
   There is a gradual trend towards demand for greater diversity and higher quality. The adjustment of supply to demand is one of the key requirements for keeping the market dynamic.

2. There is an overall trend towards falling wholesale prices, despite a relative increase in 1994. The trend in 1995 seems also to be towards falling prices. This reduction is not uniform, and "traditional" varieties have been more affected by it than new varieties and forms of presentation, for which producer prices have been very attractive. There has been very little recourse to Community assistance measures.

   There is no indication that the devaluation of certain currencies (the peseta and the lira) has affected the ecu price of tomatoes from countries with a weak currency (Spain in particular).

3. The growing volume of intra-Community trade indicates that the sector is operating satisfactorily. However, there has been a redistribution of the traditional winter/summer consignment calendars. To resolve the north-south conflict, it will be essential to find a balance for the 1.3 million tonnes involved in this trade.
   Imports from third countries, in particular Morocco, are not disturbing the Community market.

4. Community aid for production and marketing structures does not seem to be having a significant effect on production trends. These have been much more influenced by normal market fluctuations, and in particular changing trends in intra-Community trade.

   The results of the analysis do not show general problems at structural level. The sector is proving dynamic, production cannot be said to be excessive, and fluctuations in trade may be considered a normal part of the operation of single market forces.

5. The Commission does not have any information on national aids financed solely by Member States and intended specifically for the tomato sector. One aid of the "rescue" type has been applied for in the sector and it is currently being examined by the Commission.

RECOMMENDATIONS

On the basis of these conclusions, the Commission considers that:

1. *The Community market is in the process of reorganization in response to the new situation which has pertained since 1993. The challenges to be faced are, firstly, the new requirements of the market and, secondly, the rescheduling of intra-Community trade calendars.*
   Natural market developments should establish sufficient equilibrium without Community assistance being called for.

2. *The lack of profitability of certain "greenhouse" enterprises in the northern Member States does not affect only the tomato sector. These difficulties appear to be the result of temporary factors concerning the advisability of investment rather than of real changes in the balance of the market.*

3. *Solutions should be studied on an appropriate case-by-case basis without, however, disturbing the proper operation of the single market.*
   In the past, the Commission has not objected to national aid intended to dismantle production potential which could be applied in the particular case of greenhouses.
   This type of aid should be reserved exclusively for compensating for the loss of value of means of production and granted to unprofitable enterprises wishing to abandon horticulture.

ANNEXES

ANNEX I

THE KEY PRODUCTION REGIONS

1. Belgium

Belgian production has increased by 13% since 1990. It is concentrated in the province of Antwerp, in particular at Mechelen and Hoogstraten, as well as in western Flanders. The most common method of disposal is via cooperatives which organize marketing of the products.

Turnover on the wholesale tomato market in 1994 accounted for 23.3% of the total value of vegetables produced in Belgium.
Overall turnover for greenhouse-grown vegetables in 1994 was 6.1% higher than in 1993, with tomatoes accounting for the most significant growth.

The number of enterprises, mostly family businesses, with an average area of 1 hectare, has fallen since 1990, but the overall area planted has remained practically the same, with an increase in yield. The proportion of heated greenhouses has grown over the last two years at the cost of non-heated production.

The overall trend in the sector is towards a decreasing number of enterprises and an increase in specialization and in the average area per enterprise.

Average production prices (all varieties taken together) fell during the 1992 and 1993 marketing years and recovered in 1994, which did not, however, quite bring prices back to 1990 levels.
A more detailed analysis by variety shows that in 1993 prices for the **traditional round tomatoes** fell in relation to 1990, with a recovery in 1994.
By contrast, the volume of **tomatoes on the stalk** rose sharply, from 430 tonnes in 1993 to 2 752 tonnes in 1994 marketed from February onwards, accompanied by a net increase in prices for this type of presentation.
The production of tomatoes on the stalk further increased in 1995 and the trend is expected to continue.
After traditional tomato cultivation stabilized in Belgium in 1992 and 1993, Belgian producers decided to move towards diversification of that crop. This seems to have led to a recovery in price levels in 1994.

Since 1990 Belgium has increased its total volume of consignments to other Member States, in particular France and the United Kingdom, while consignments to Germany are falling.

2.The Netherlands

Production has fallen by 19% since 1990. The number of enterprises has fallen by 34% over the last five years, as has the area used for tomato production. Yields are still rising. The bulk of production is in the Westland region.
Tomato production accounts for 37% of the total value of vegetable production. Since 1990 sweet pepper production has increased at the cost of tomato production.
By variety, the area devoted to production of round and beef tomatoes is falling, while there has been a correspondingly sharp increase (from 30 ha in 1993 to 150 ha in 1994) in the area devoted to the production of small tomatoes, tomatoes on the stalk and cherry tomatoes.

Overall, prices (all varieties taken together) have held up at 1990 levels. During the 1992 and 1993 marketing years they fell by 15% but recovered to 1990 levels in 1994.
By variety, the prices for "beef" tomatoes have fallen and those for tomatoes on the stalk and cherry tomatoes have held up.

Traditionally, the bulk of produce in the Netherlands is sold by cooperatives who are also responsible for quality control and marketing.
Over the last few years new strategies have focused more on market demand, leading to a policy of diversification in order to develop new "value-added opportunities". One example of this policy is the introduction of tomatoes on the stalk and "special flavour" tomatoes, which have been very successful on the market.

More than 85% of tomatoes produced in the Netherlands are for external markets. These sales are carried out Dutch auction centres. Around fifteen major supermarket chains sell more than 50% of Dutch tomatoes in the countries of destination. The main destinations are Germany, the United Kingdom and Sweden.
Since 1990 consignments to Germany have been increasing, while those to the United Kingdom are falling.

3. France

While production in France has increased since 1990, there was a sharp fall in harvests in 1994.
Greenhouse production has led to a reduction in the area used and an increase in average yields.
Greenhouse production in France currently accounts for 75% of the volume harvested.
The average area of the enterprises, mostly family businesses, is less than 1 hectare.
The market of almost 70% of production volume is concentrated in the hands of 45 producer organizations.

French production is concentrated in the regions of the south-east, south-west and north-west. In the south, Bouches-du-Rhône is the department with the highest production, accounting for 20% of total production.
French production does not fully cover domestic demand, and its principal suppliers are Spain and Belgium. Imports from Spain have risen substantially, particularly for the winter season. Purchases of Belgian and Dutch tomatoes in the summer season are in direct competition with the French product.
France provides the main market for imports from Morocco, absorbing more than 85% of them.

4. Spain

The tomato, which is eaten more than any other vegetable in Spain, accounts for 25% of total horticultural production and is on the market all the year round.
Since 1990 production and areas used for tomato production have fallen by 13%, while yields have continued to rise.

Spanish production is carried on throughout the year, though winter production (October - June) has different characteristics to those of summer production (June- September). The bulk of *summer tomatoes*, which are principally for the domestic market, are farmed in the open by small family businesses.
Winter tomatoes, on the other hand, the production of which is concentrated in the south-east on the Mediterranean coast and in the Canaries, account for more than 85% of all Spanish tomato production. Production is intensive with large and medium-sized enterprises which have developed very technically specialized methods and have very dynamic and effective marketing structures. All Spanish tomato exports come from the winter production regions.

-The mainland:

The main production areas are in Almeria and Murcia which account for 22% of Spanish fresh tomato production. Since 1990 production in that region has increased, as has, to a limited extent, the area used for the production of tomatoes under cover. Almost 60% of enterprises grow tomatoes under plastic covers, which makes it possible to obtain a better temperature in winter and ventilation during the hot periods of the year.
The introduction of new varieties has made it possible to produce tomatoes of uniform quality 11 months out of 12 in this region.
Over the last few years a model of efficient Mediterranean production has been established, integrating marketing (and thus export) structures around production areas.

-The Canaries:

The principal outlet for Canaries tomatoes is export, which currently accounts for 80% of the islands' total production.
There are almost a hundred enterprises producing tomatoes, which account for 75% of the total value of horticultural production in the Canaries.
The area planted and production, which have increased since 1990, now seem to have reached a plateau, as does the volume of consignments to the European Union.
Since 1990 the sector has undergone structural modernization, based largely on the expectations of the European market, which is still continuing with modernization of packaging and marketing strategies. This process has undoubtedly been intensified by competition with Morocco.
The opening up of competition in international transport nevertheless made it possible to achieve transport costs in 1994 that were 15% lower than in the preceding years.
Consignments from the Canaries to the European Union increased by 29% in 1994; this increase was accounted for specifically by the United Kingdom market.
The principal markets for consignments from the Canaries are in the United Kingdom (33.5%) and the Netherlands (63%), where a large proportion of the tomatoes are forwarded via Rotterdam to other destinations, within the Union or in third countries.

ANNEX II

STATISTICS

Tomato farming in EUR 15

Member State		1988	1989	1990	1991	1992	1993	1994
BELGIQUE	**production**	205.030	225.220	***268.400***	313.960	329.500	346.779	309.334
	area	859	915	***940***	945	963	946	954
	yield	239	246	***286***	332	342	367	324
DANMARK	**production**	15.167	17.000	***19.300***	17.500	20.000	14.666	20.000
	area	47	:	***60***	:	:	55	:
	yield	323	:	***322***	:	:	267	:
DEUTSCHLAND	**production**	19.100	21.500	***14.500***	16.000	31.306	24.100	20.700
	area	255	267	***:***	:	479	:	:
	yield	75	81	***:***	:	65	:	:
ELLAS	**production**	666.910	728.050	***665.790***	710.700	754.940	784.850	757.250
	area	36.720	37.691	***38.513***	39.015	36.657	33.110	32.083
	yield	46	53	***46***	48	51	52	53
ESPAÑA	**production**	1.834.893	1.987.763	***2.024.695***	1.793.832	1.880.143	1.912.300	1.786.807
	area	60.350	66.066	***69.884***	59.913	55.802	57.111	61.613
	yield	43	45	***45***	44	47	49	50
FRANCE	**production**	417.500	421.700	***461.100***	527.300	516.900	643.400	492.600
	area	6.420	6.600	***6.600***	6.650	5.960	6.060	4.750
	yield	108	113	***119***	128	128	145	162
IRELAND	**production**	13.500	10.600	***10.500***	9.100	11.700	0	0
	area	81	57	***54***	43	55	:	:
	yield	167	186	***194***	212	213		
ITALIA	**production**	1.594.916	2.018.230	***2.657.083***	2.759.091	2.712.099	1.984.572	2.149.074
	area	116.013	133.601	***136.378***	129.669	117.595	113.426	115.248
	yield	41	46	***46***	48	50	48	50
LUXEMBOURG	**production**	30	30	***35***	40	52	65	70
	area	2	2	***2***	3	3	4	4
	yield	15	15	***18***	13	17	19	20
NEDERLAND	**production**	567.029	620.782	***640.725***	636.149	651.994	606.612	540.577
	area	1.715	1.687	***1.603***	1.570	1.505	1.390	1.241
	yield	331	368	***400***	405	433	436	436
PORTUGAL	**production**	63.893	80.835	***86.706***	72.625	64.267	221.103	75.000
	area	:	:	***:***	:	:	34.694	:
	yield	:	:	***:***	:	:	21	:
UNITED KINGD	**production**	132.100	134.000	***138.700***	137.300	125.900	112.900	111.000
	area	624	595	***580***	556	476	401	388
	yield	212	225	***239***	247	264	282	286
EUR 12	**production**	**5.530.068**	**6.265.710**	***6.987.534***	**6.993.597**	**7.098.801**	**6.651.347**	**6.262.412**
	area	**223.086**	**247.481**	***254.614***	**238.364**	**219.495**	**247.197**	**216.281**
	yield	**133**	**115**	***143***	**123**	**134**	**140**	**115**

Source: Member states datas and EUROSTAT, table drawn up by DG VI.E.1

Tomato farming in EUR 15 - total production for consumption as fresh tomatoes

Member State	1988		1989		1990		1991		1992		1993		1994	
	(tonnes)	(%)	(tonnes)	(%)	(tonnes)	(%)	(tonnes)	(%)	(tonnes)	(%)	(tonnes)	(%)	(tonnes)	(%)
BELGIQUE	205.030	*3,7*	225.220	*3,6*	268.400	*3,8*	313.960	*4,5*	329.500	*4,6*	346.779	*5,2*	309.334	*4,9*
DANMARK (*)	15.167	*0,3*	17.000	*0,3*	19.300	*0,3*	17.500	*0,2*	20.000	*0,3*	14.666	*0,2*	20.000	*0,3*
DEUTSCHLAND	19.100	*0,3*	21.500	*0,3*	14.500	*0,2*	16.000	*0,2*	31.306	*0,4*	24.100	*0,4*	20.700	*0,3*
ELLAS	666.910	*12,0*	728.050	*11,5*	665.790	*9,4*	710.700	*10,1*	754.940	*10,5*	784.850	*11,7*	757.250	*12,0*
ESPAÑA	1.834.893	*33,0*	1.987.763	*31,4*	2.024.695	*28,7*	1.793.832	*25,4*	1.880.143	*26,3*	1.912.300	*28,5*	1.786.807	*28,2*
FRANCE	417.500	*7,5*	421.700	*6,7*	461.100	*6,5*	527.300	*7,5*	516.900	*7,2*	643.400	*9,6*	492.600	*7,8*
IRELAND	13.500	*0,2*	10.600	*0,2*	10.500	*0,1*	9.100	*0,1*	11.700	*0,2*	:		:	
ITALIA	1.594.916	*28,7*	2.018.230	*31,9*	2.657.083	*37,7*	2.759.091	*39,1*	2.712.099	*37,9*	1.984.572	*29,6*	2.149.074	*33,9*
LUXEMBOURG	30	*0,0*	30	*0,0*	35	*0,0*	40	*0,0*	52	*0,0*	65	*0,0*	70	*0,0*
NEDERLAND	567.029	*10,2*	620.782	*9,8*	640.725	*9,1*	636.149	*9,0*	651.994	*9,1*	605.612	*9,0*	540.577	*8,5*
PORTUGAL	63.893	*1,1*	80.835	*1,3*	86.706	*1,2*	72.625	*1,0*	64.267	*0,9*	221.103	*3,3*	75.000	*1,2*
UNITED KINGDOM	132.100	*2,4*	134.000	*2,1*	138.700	*2,0*	137.300	*1,9*	125.900	*1,8*	112.900	*1,7*	111.000	*1,8*
ÖSTERREICH		*0,0*	18.395	*0,3*	18.045	*0,3*	13.768	*0,2*	12.330	*0,2*	13.620	*0,2*	14.524	*0,2*
FINLAND	30.145	*0,5*	28.822	*0,5*	31.857	*0,5*	30.014	*0,4*	30.346	*0,4*	30.778	*0,5*	34.608	*0,5*
SVERIGE (**)		*0,0*	15.540	*0,2*	17.887	*0,3*	17.890	*0,3*	17.890	*0,2*	18.889	*0,3*	19.000	*0,3*
EUR15	**5.560.213**	*100,0*	**6.328.467**	*100,0*	**7.055.323**	*100,0*	**7.055.269**	*100,0*	**7.159.367**	*100,0*	**6.714.634**	*100,0*	**6.330.544**	*100,0*

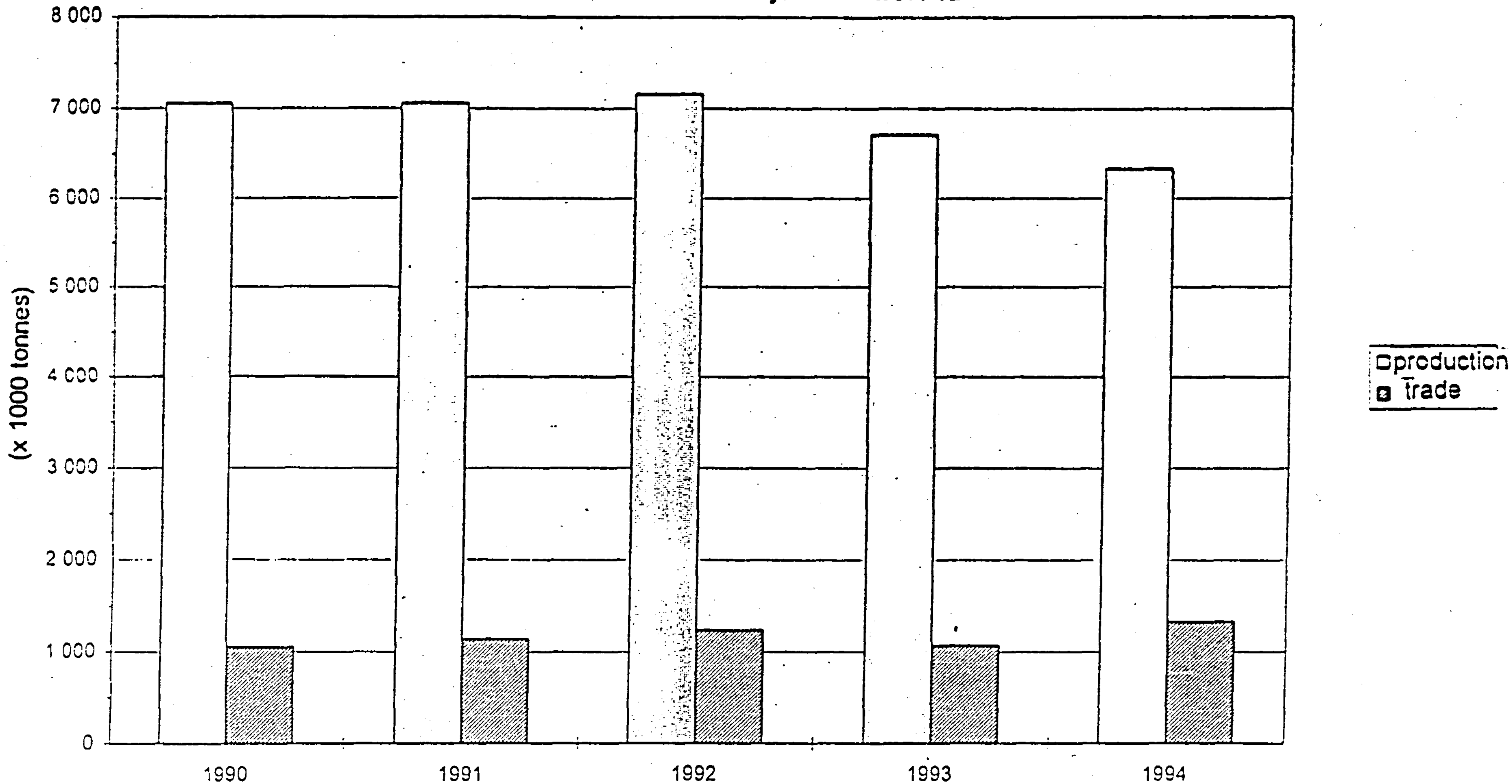
(*): EUROSTAT - CRONOS figures for 1989, 1991, 1992, 1994
(**): EUROSTAT - CRONOS figures for 1989, 1991, 1992

Withdrawals trends from 1990 to 1994

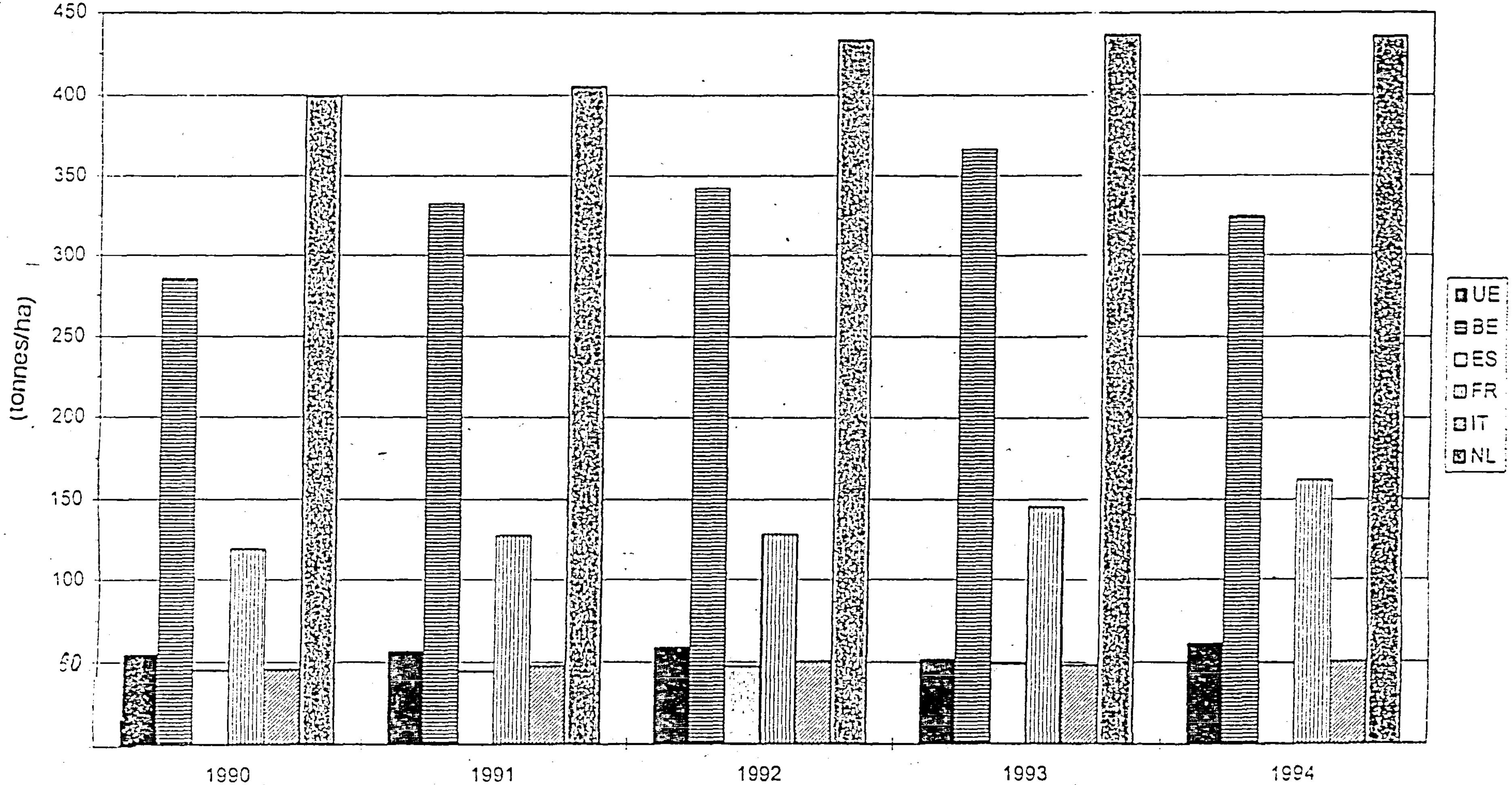
	1990			1991			1992			1993			1994		
	withdrawals	production	(%)	withdrawals	production	(%)	withdrawals	production	(%)	withdrawals	production	(%)	withdrawals	production	(%)
BELGIQUE	18	268400	0,01	312	313960	0,1	6543	329500	2,0	5444	346779	1,57	7531	309334	2,4
DANMARK		19300		0	17500		0	20000			14666			20000	
DEUTSCHLAND		14500		46	16000		312	31306		99	24100	0,4	59	20700	0,3
ELLAS	8	665790	0,00	19091	710700	2,7	3169	754940	0,4	5006	784850	0,6	2977	757250	0,4
ESPAGNE	62	2024695	0,00	71	1793832	0,00	49	1880143	0,0	2613	1912300	0,1	9996	1786807	0,6
FRANCE	7783	461100	1,69	26407	527300	5,01	25528	516900	4,9	11964	643400	1,9	6644	492600	1,3
IRELAND		10500		47	9100		120	11700		89			97		
ITALIA	116367	2657083	4,38	9072	2759091	0,33	175792	2712099	6,5	5852	1984572	0,3	13820	2149074	0,6
LUXEMBOURG		35		0	40		0	52			65			70	
NEDERLAND	11123	640725	1,74	5227	636149	0,82	41181	651994	6,3	18894	606612	3,1	8958	540577	1,7
PORTUGAL		86706		0	72625		0	221103		130	221103	0,1	138	75000	0,2
U. KINGDOM		138700		0	137300		3	112900		0	112900			111000	
EUR-12	135361	6987534	1,94	60273	6993597	0,86	252697	7242637	3,5	50091	6651347	0,8	50220	6262412	0,8

Source: Member states balance sheets, table drawn up by DG VI.E.1

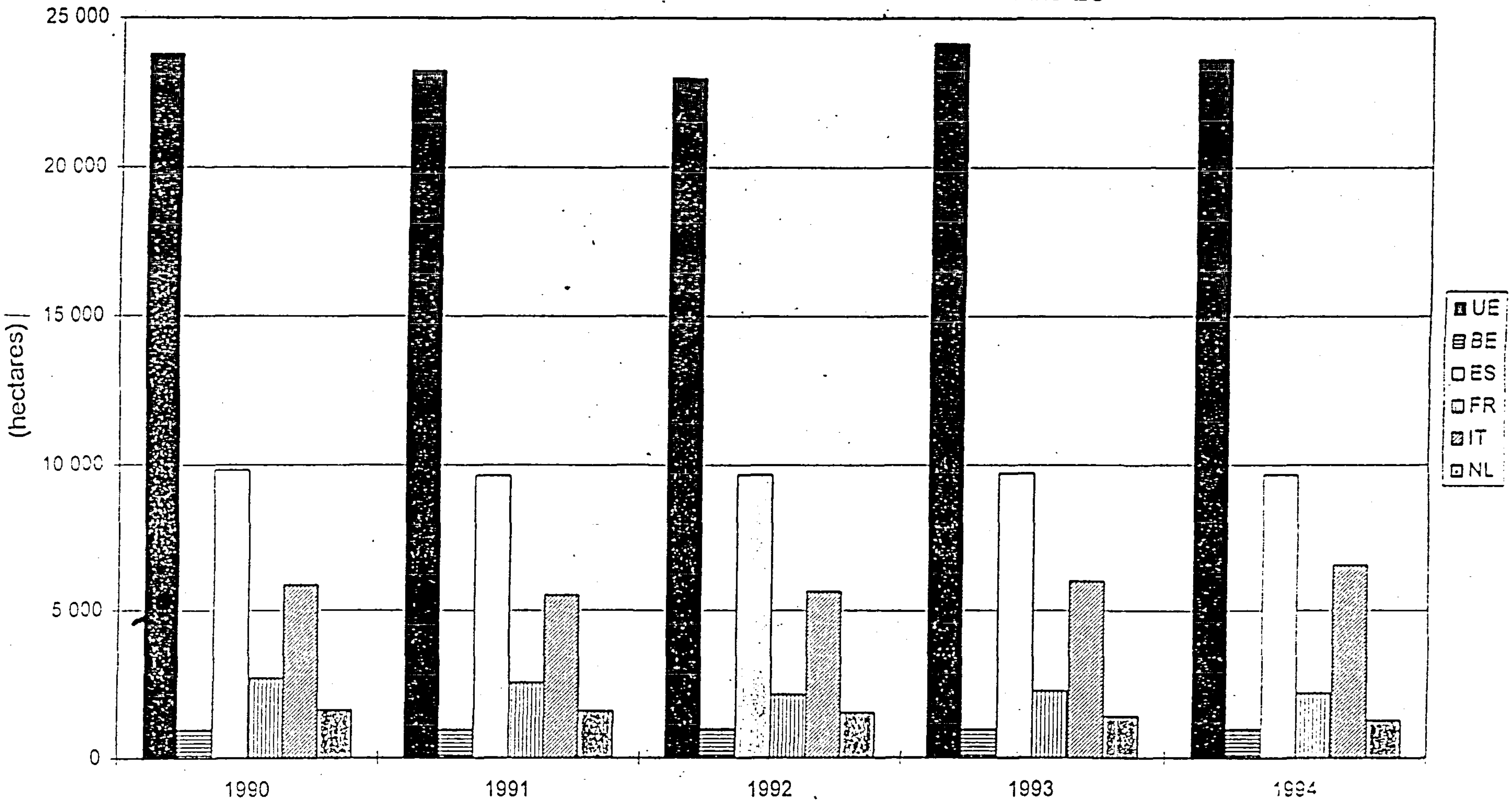
Production and intra-Community trade - EUR 12 -



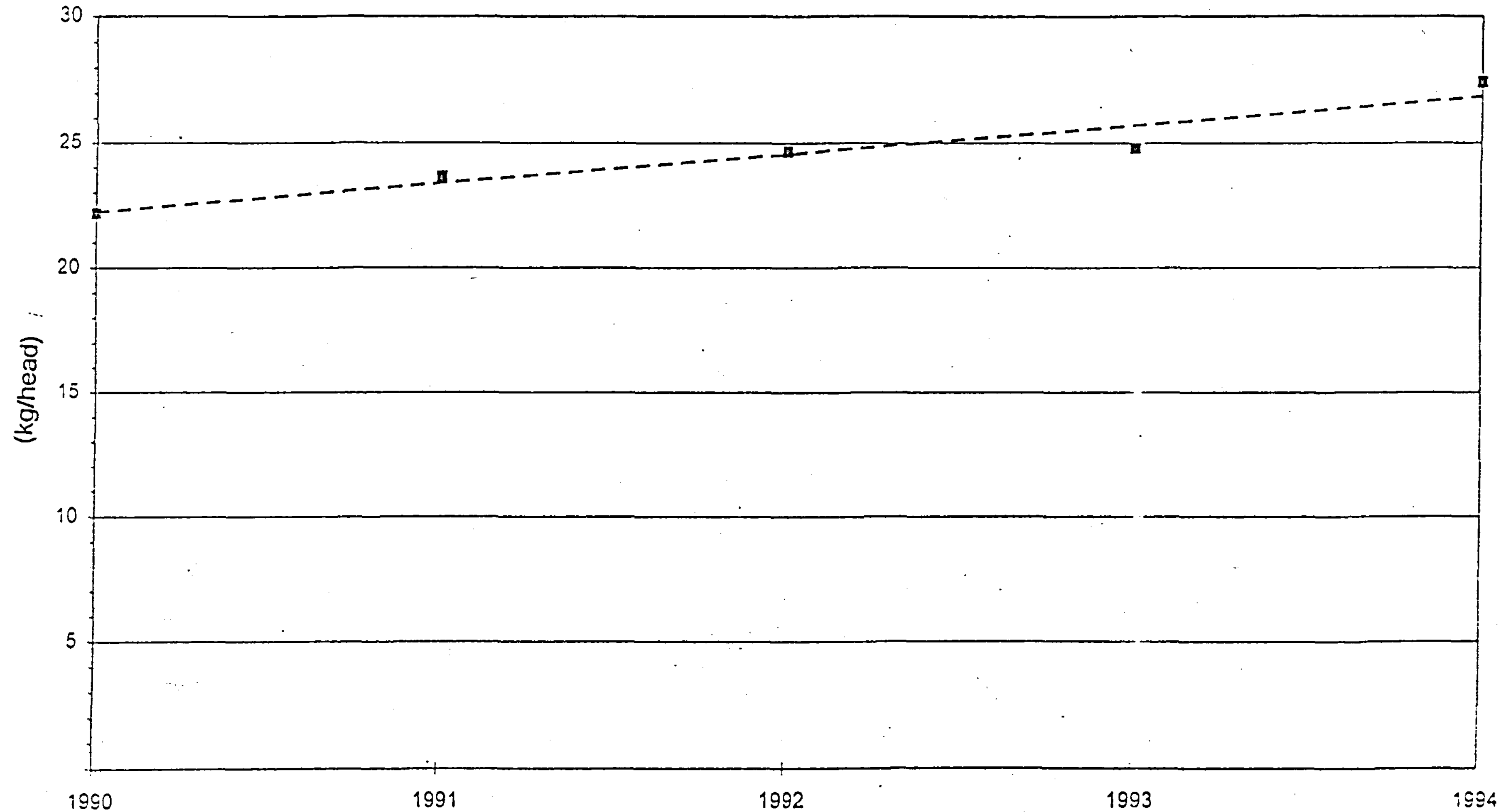
Yield trends



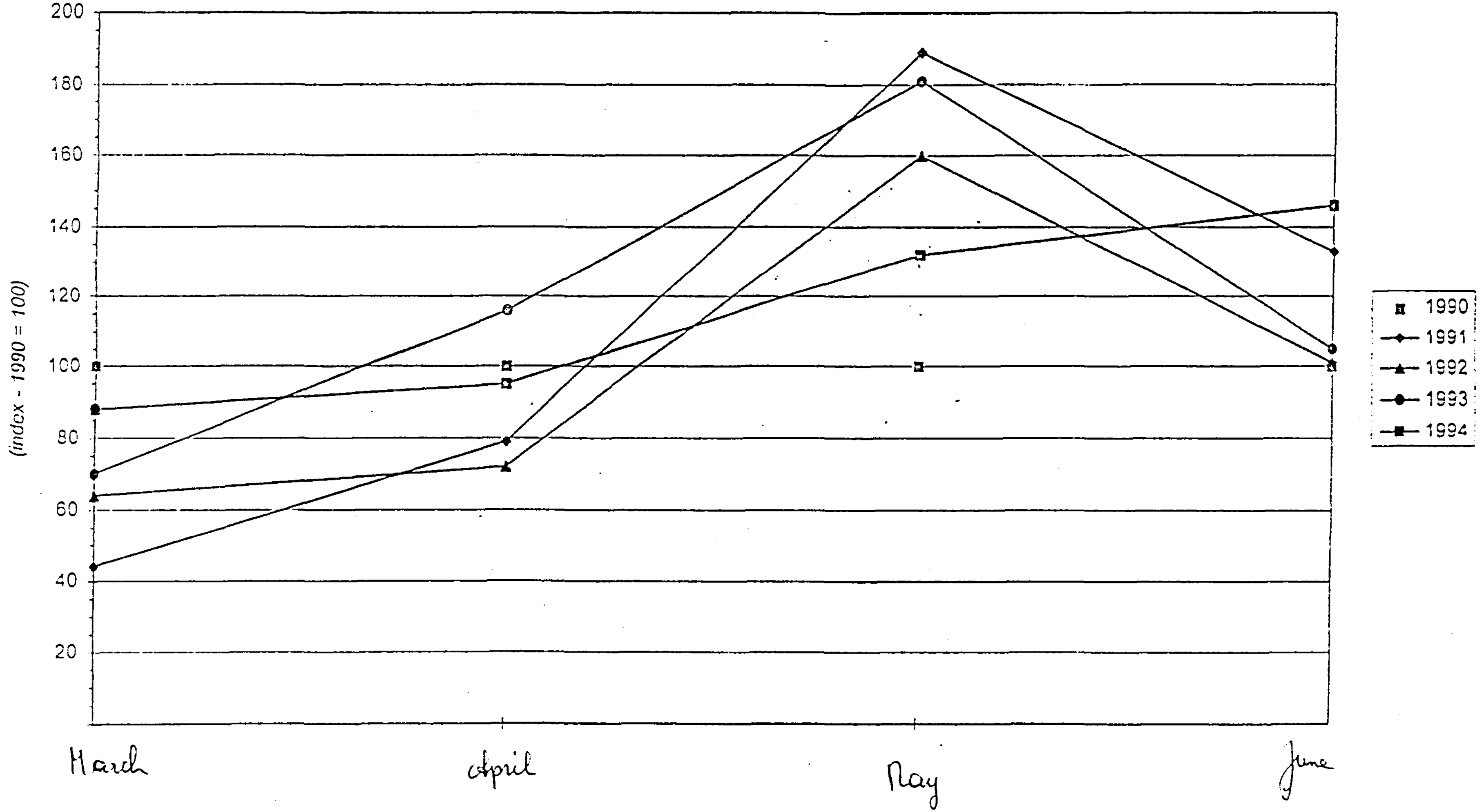
Area of tomato production under cover in the EU



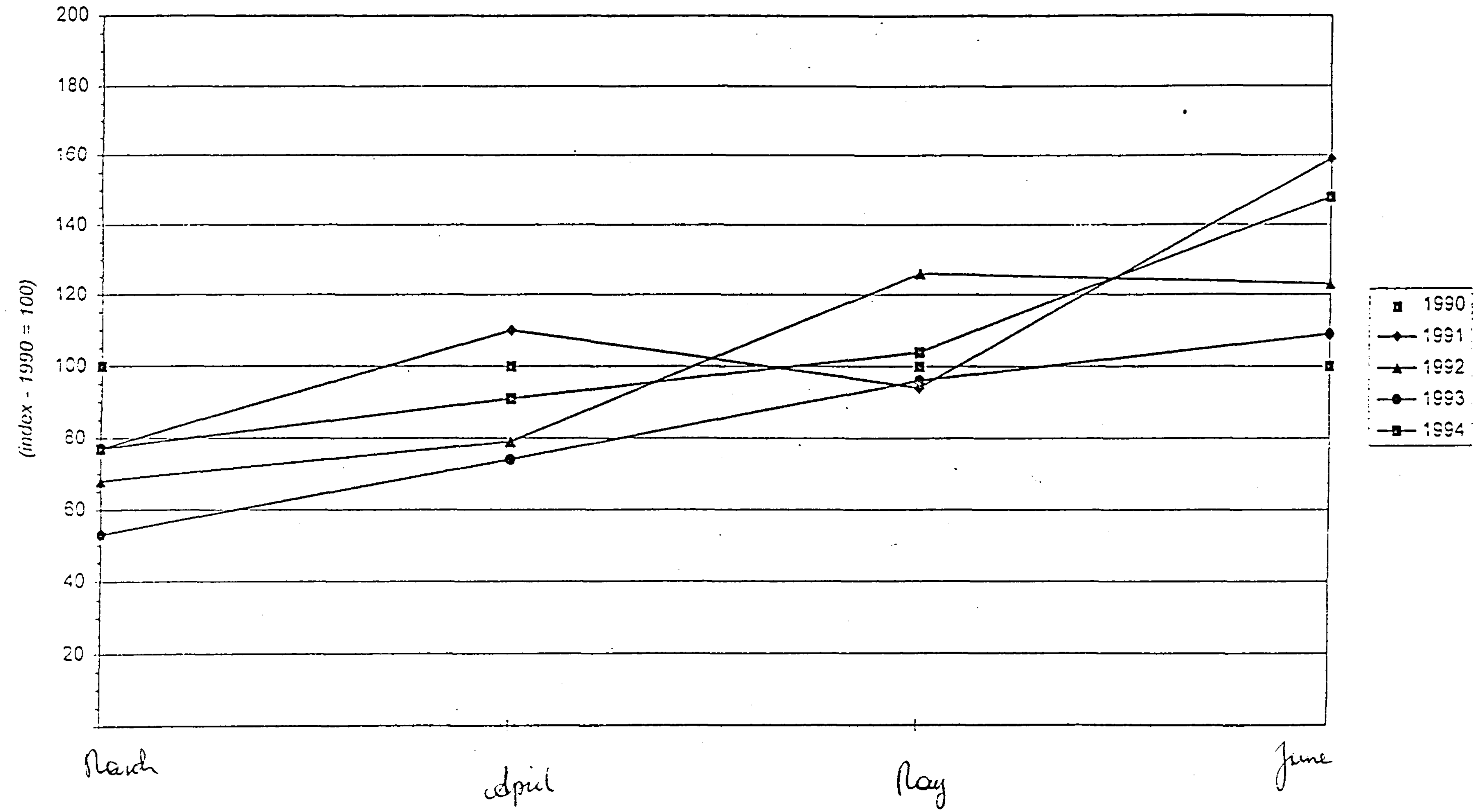
Consumption of fresh tomatoes in the EU (estimates)



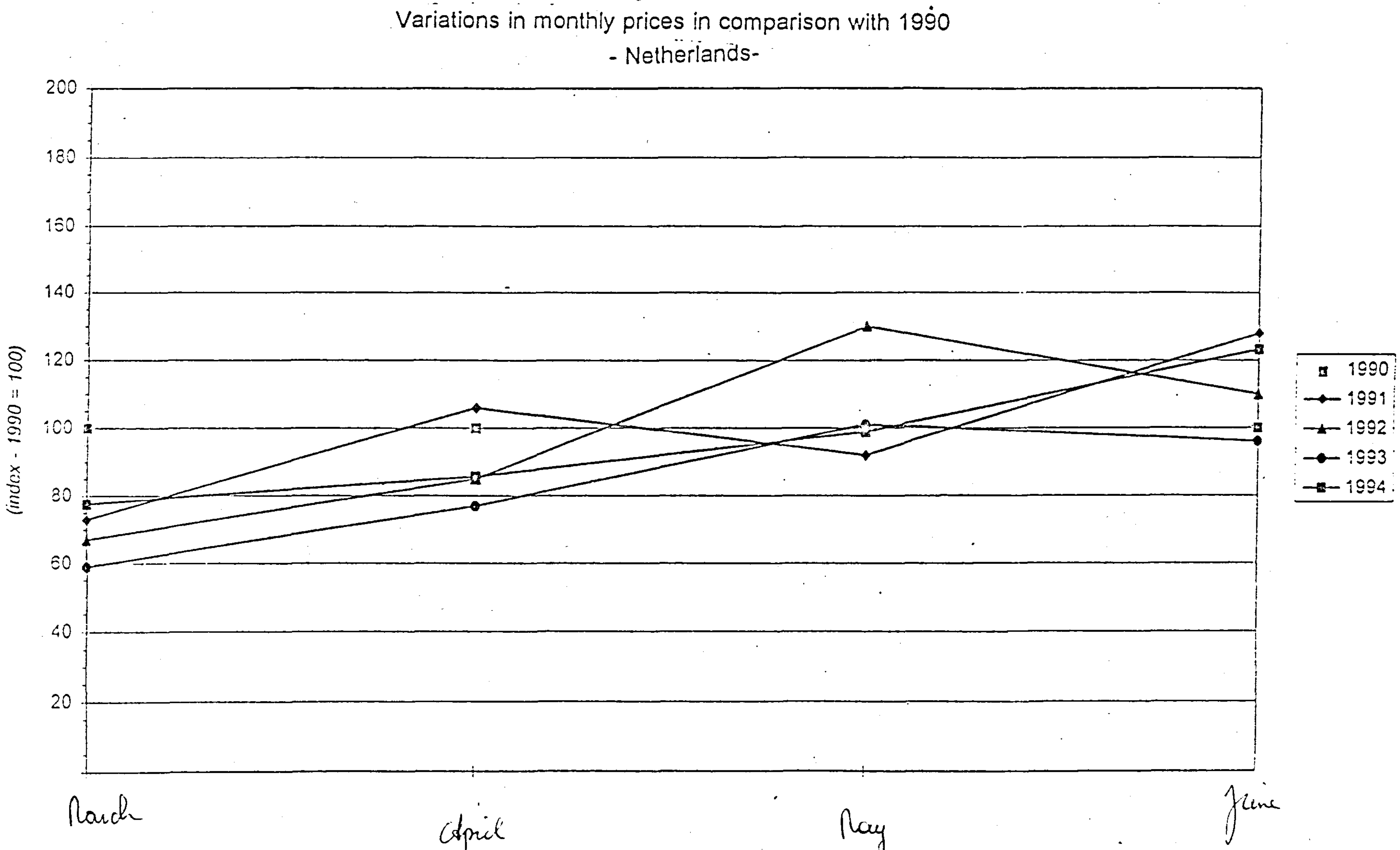
Variations in monthly prices in comparison with 1990
- Spain -



Variations in monthly prices in comparison with 1990
- Belgium

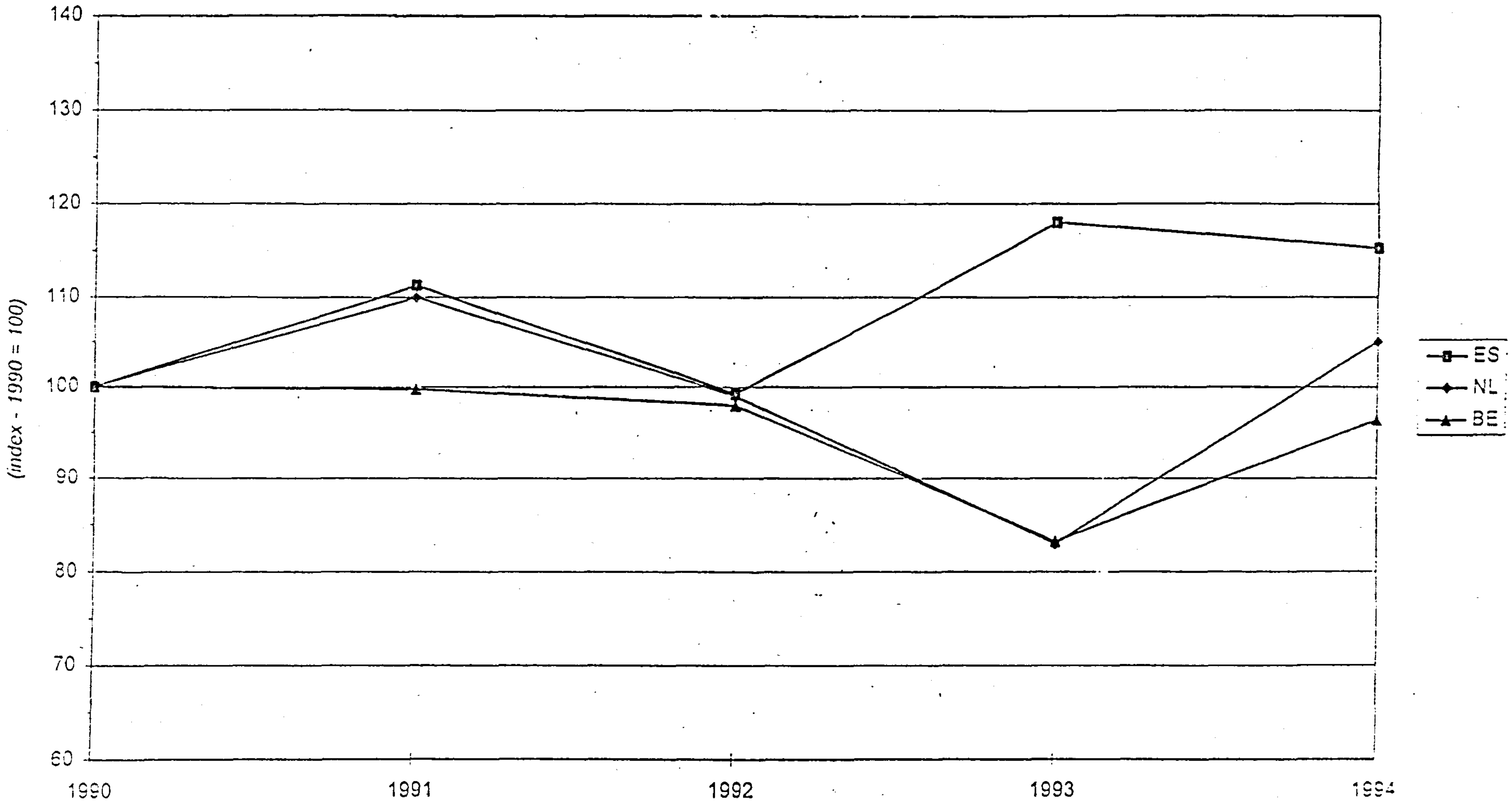


45

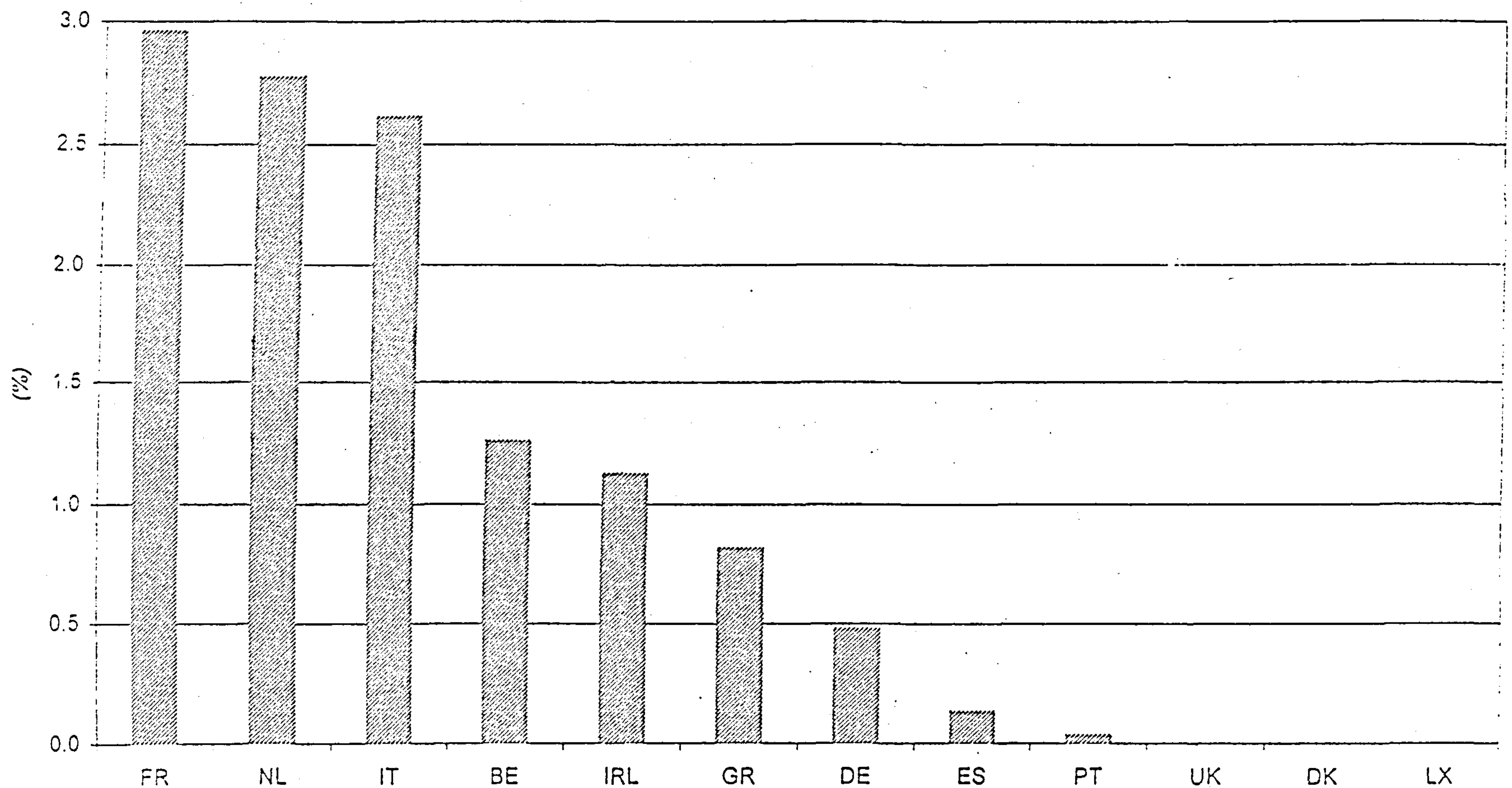


Variations in monthly prices in comparison with 1990
- Netherlands-
200
180
160
140
120
100
80
60
40
20
(index - 1990 = 100)
1990
1991
1992
1993
1994
March
April
May
June

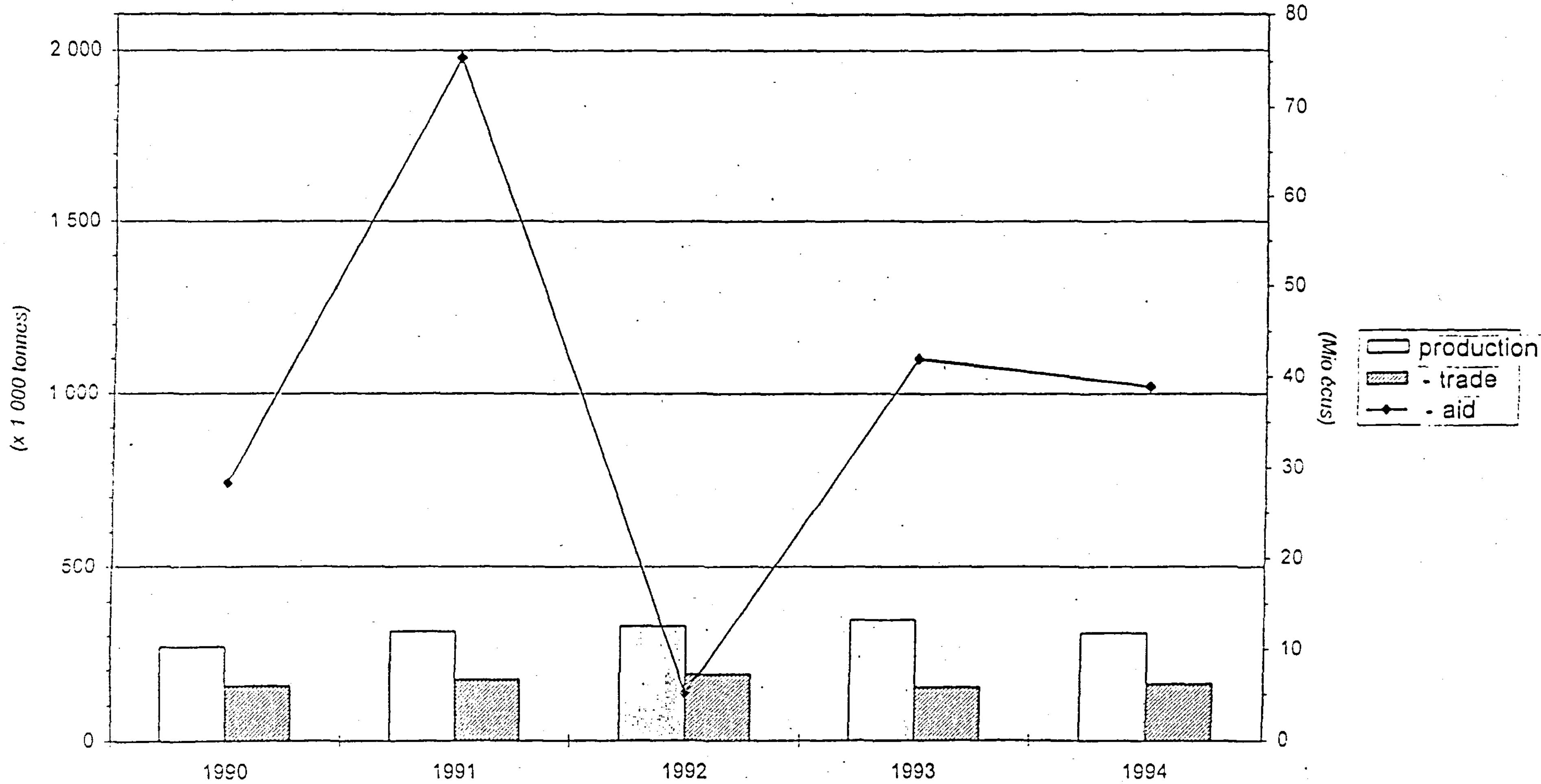
Variations in average Community prices from March to June in comparison with 1990



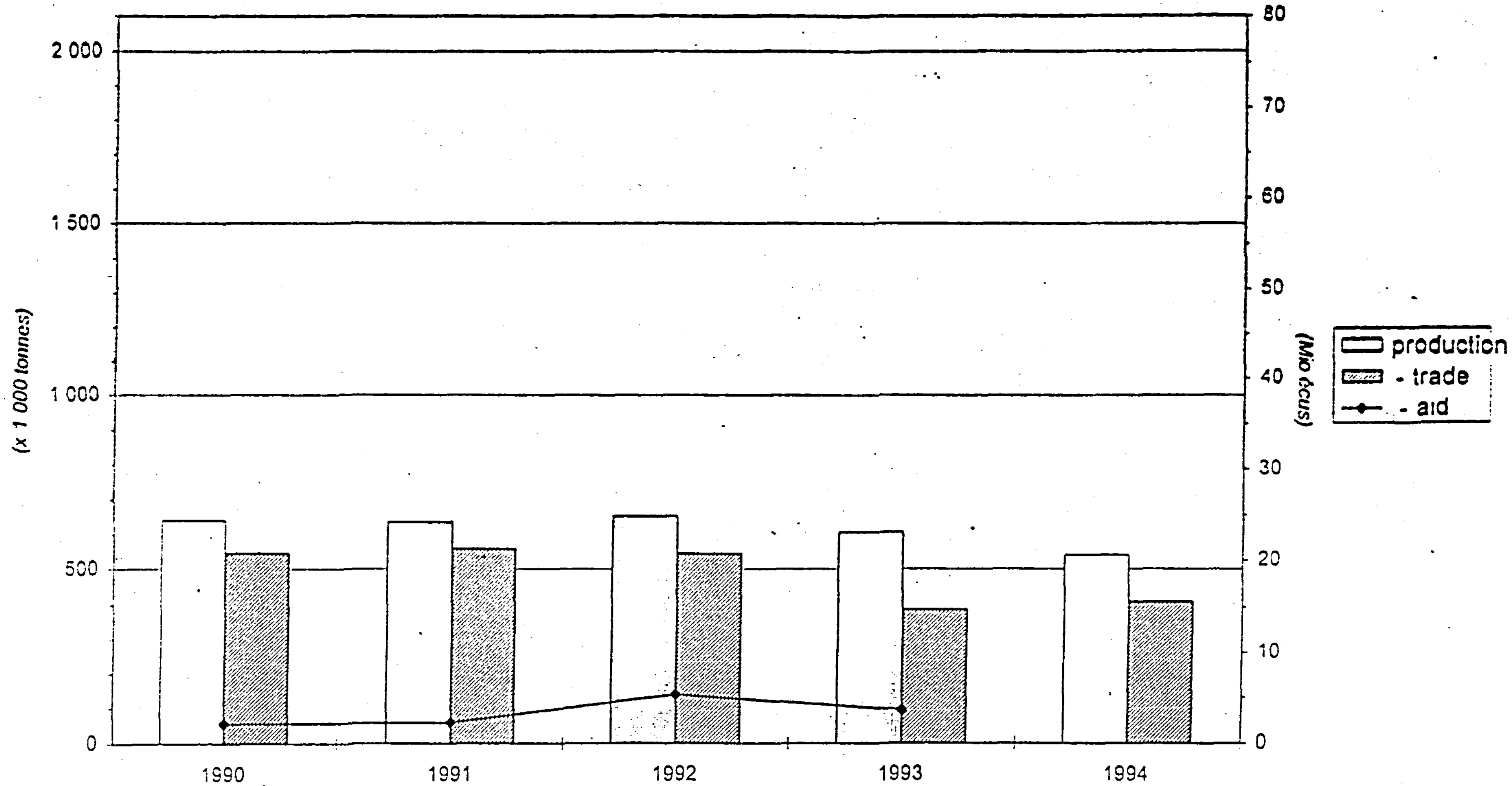
Scale of withdrawals of tomatoes from the market by Member State as a proportion of domestic production between 1990 et 1994



Production, intra-Community trade and investment aid
- Belgium -

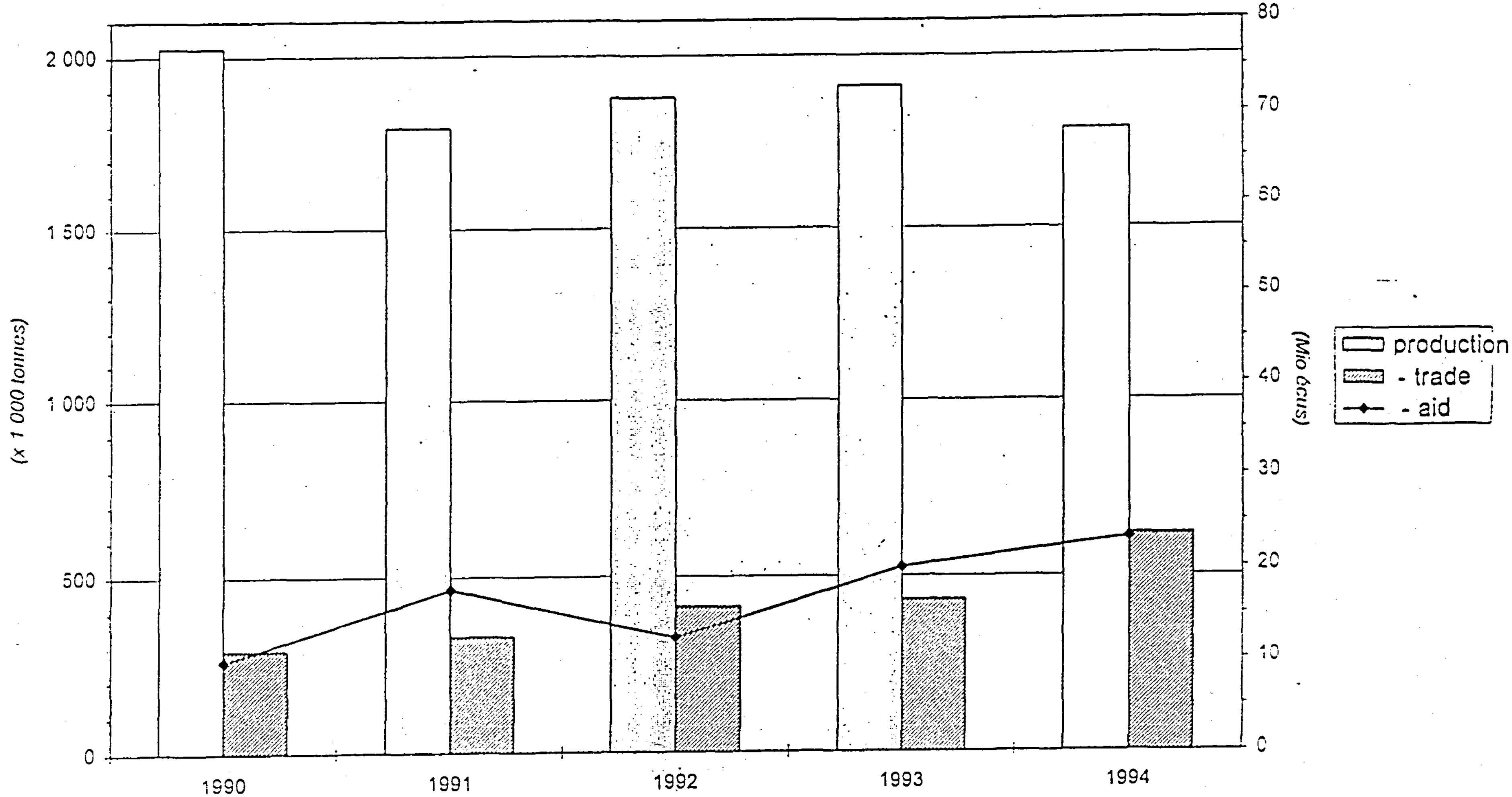


Production, intra-Community trade and investment aid
- Netherlands -



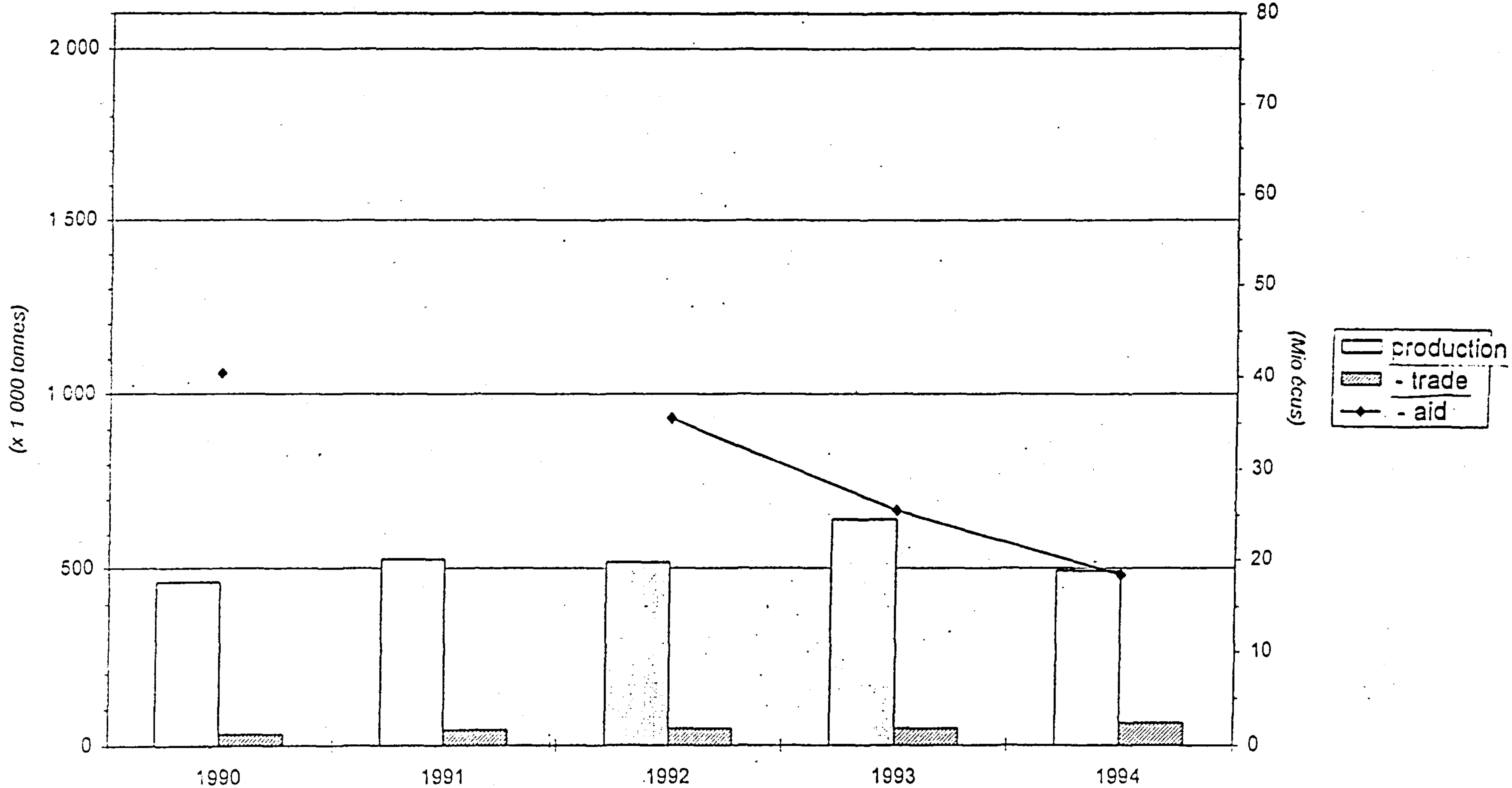
Production, intra-Community trade and investment aid

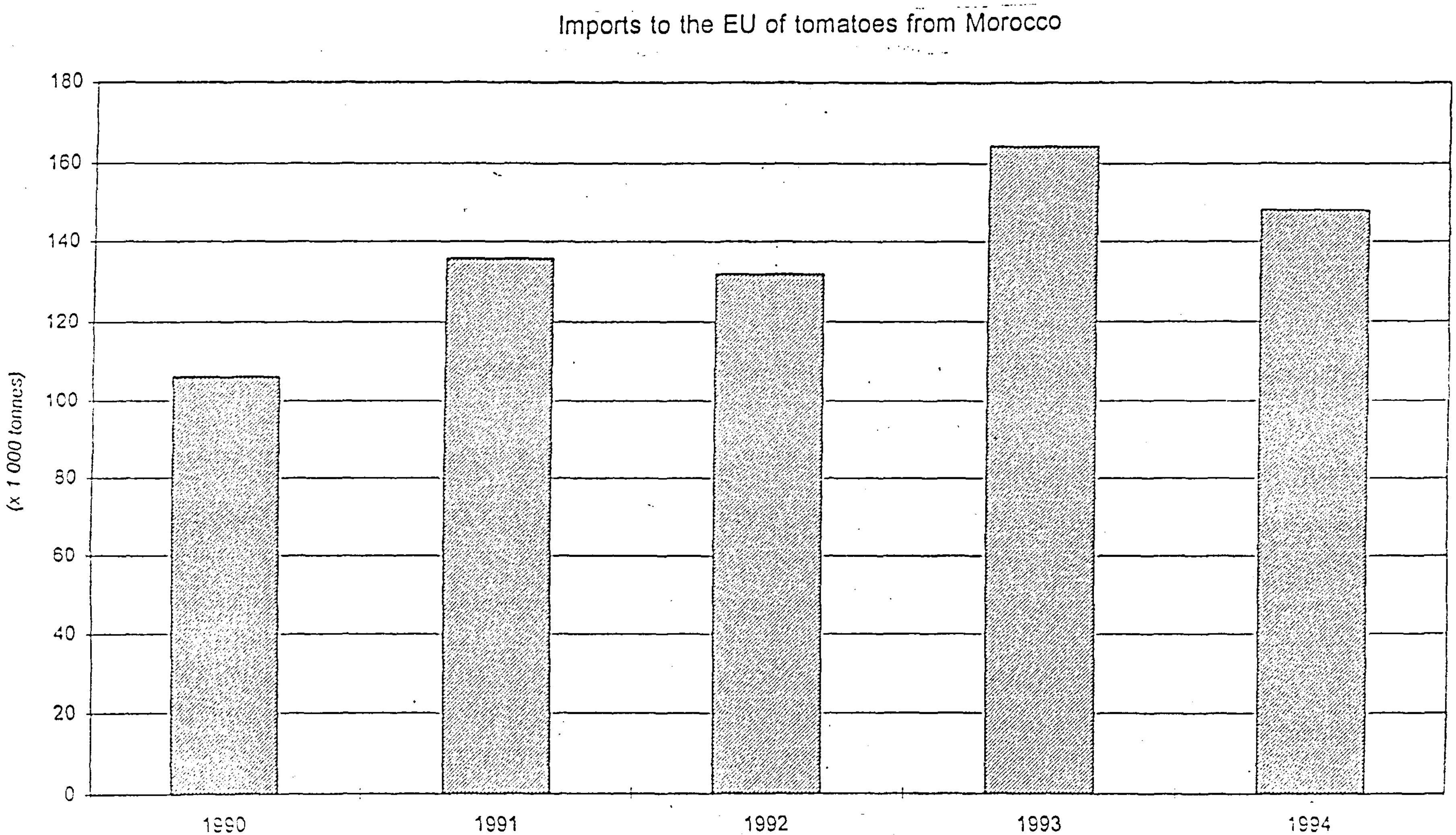
- Spain -



55

Production, intra-Community trade and investment aid
- France -




Imports to the EU of tomatoes from Morocco
(x 1 000 tonnes)
180
160
140
120
100
80
60
40
20
0
1990
1991
1992
1993
1994

52

ANNEX III

Selection criteria for investments in the processing and marketing of agricultural products under Regulation (EEC) No 866/90

The selection criteria (Decision 94/342/EEC) relating to fruit and vegetables rule out the following investments:

- investments to increase marketing capacity for products where major withdrawals (attendant on surplus production) have been recorded in the areas concerned over the last three years;

- all investments resulting in an increase in processing capacity, except where equal capacity is abandoned in the same enterprise or in other specified enterprises, or in the case of special products where a significant growth in outlets has been shown. This ban does not apply in Objective 1 regions where insufficient capacity has been demonstrated;

- investments in the production of tomato concentrate, peeled tomatoes, citrus juice, peaches in syrup and pears in syrup, except where they cover new processing capacity which is at least 20% below the total pre-existing capacity abandoned in the region concerned.

Investments qualifying for assistance from the EAGGF Guidance Section under the Regulation must seek to achieve the following:

- the rationalization and development of packaging, preserving, treatment, processing and recycling of by-products or manufacturing residues;

- better procedure for placing on the market, including greater transparency in price formation;

- the application of new processing techniques, including the development of new products and by-products or the opening-up of new markets and innovative investments;

- improvement in the quality of products.