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The South African Tomato Value Chain

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Purpose of the study

The study originated from a request submitted to ITAC to increase the rate of Custom Duty on the importation of tomato paste given that South Africa is a net importer of this product. Stakeholders in the tomato industry and government officials regarded it necessary to conduct a tomato value chain analysis in order to better understand the potential of tomatoes production and the further processing thereof into tomato paste.

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Outline of the study

1. Overview of the international tomato Industry
2. Southern Africa tomato industry study
3. In-depth analysis of the South African tomato industry
4. The future of the tomato industry







International tomato production, consumption and trade

- Major producing countries are China, USA and India, for the past 11 year growth in production has increased by 88%, 12 % and 61% respectively.
- The top three producing countries In 2010 represent 28 % , 9% and 8% of the total world tomato production in tonnes.
- The compound Annual growth rate(CAGR) of world tomato area harvested was 0.66% from 2000 to 2010 while the world production of tomatoes showed a CAGR of 2.57%, indicating an increase in yield of 1.9% CAGR.
- Global consumption of tomato products grew from 30.2million tonnes (fresh equivalent) to nearly 40 million tonnes from 1999 to 2009.
- The USA and Europe, the two long established processing regions, accounted for the consumption of more than half of the volumes processed worldwide, with consumption figures of 11 million tonnes and 9.7 million tonnes (fresh equivalent) respectively.
- The USA per capita consumption of tomato products is 30.8 kg , among the European countries , Greece has the highest per capita consumption of 36. 6 kg, followed by Spain with 25.4 kg in 2009.
- As from 2006 California has been the main competitor in countries processing , tomato products, followed by Italy.
- The development of Chinese industry has been striking and can not be ignored, “A share of its market focused relatively on low quality finished products , enabling access to new markets with lower purchasing power, particularly in Africa” (Tomato news, 2010).

International tomato production, consumption and trade

- The development of Chinese industry has been striking and can not be ignored, "A share of its market focused relatively on low quality finished products , enabling access to new markets with lower purchasing power, particularly in Africa" (Tomato news, 2010).
- The main exporters of fresh tomatoes in for the past ten years has been the Netherlands with a 9.85 % CAGR, followed by Columbia from 2000 to 2010.
- The main importer of tomatoes is USA with a growth of 9% CAGR , followed by Germany for the past ten years.
- According to USDA data, tomato paste production has grown by 1.65% CAGR from 1990 to 2008.
- The main exporters of tomato paste is China with 82% CAGR, followed by Italy with 19.2% CAGR from 2001 to 2010.
- The main tomato paste importers are Germany with 9% CAGR , followed by Italy with 12% CAGR from 2001 to 2010 period.

Southern African tomato industry

- **Zambia** - Tomato production has increased from 25000 in 2000 to an estimated 26000 tons in 2010. The minimal increase is also evident in the area harvested and yield per hectare (FAO, 2012). According to Emongor, (2004) tomato processing in Zambia is not well developed, therefore products such as tomato paste, tomato juice and tomato sauce are imported from South Africa and Zimbabwe.
- **Mozambique** - Mozambique is a net importer of tomatoes, with South Africa supplying 99 percent of the 2266 tons of tomatoes imported during 2010 (ITC, 2012).Tomato production has increased from 7117 tons in 2000 to an estimated 16000 tons in 2010.
- **Angola-** is a net importer of tomatoes, with South Africa supplying 214 tons or 92 percent of imports during 2010 (ITC, 2012).Tomato production has increased from 13000 tons in 2000 to an estimated 15500 tons in 2010. Since 2000, the area planted and yield of tomatoes have shown fluctuations (FAOSTAT, 2012).
- **Zimbabwe-** is a net importer of tomatoes, with South Africa supplying 222 tons or 92 percent of imports during 2010 (ITC, 2012).

Executive summary

Southern African tomato industry

- **Malawi** is a net importer of tomatoes, with South Africa supplying 94 percent of the 47 tons of tomatoes imported by Malawi during 2010 (ITC, 2012).

- **DRC** is a net importer of tomatoes, with China and Italy supplying 76.4 percent and 18 percent respectively of the tomatoes imported during 2010 (ITC, 2012).

Executive summary

South Africa tomato industry

- Limpopo Province is the major production area with 3 590 ha, other producing areas are the Onderberg (Mpumalanga Province at 770 ha) and Border area (Eastern Cape Province at 450 ha).
- From 1990/91 to 2009/10 tomato yield showed a growth of 4.2 % CAGR, while production growth is 1.45 % and a decrease in growth of area harvested with -3.2%.
- Production cost budget, showed that labour cost contributed the most to the directly allocated variable cost in 2011.
- Domestic use of tomatoes from domestically produced tomatoes is mostly used for fresh consumption which represents 70% of the total production for the past 11 years, while 28% represents tomatoes used for processing.
- Total production from 2000 to 2010 grew by 3% CAGR, total fresh consumption grew by 3.19 % CAGR and total processing grew by 1.7% CAGR.
- In 2009, per capita consumption of South Africa tomatoes was 4.7 kg (Tomato News,2010).
- Italy has been the main supplier of fresh tomatoes, in 2010 Italy market share was 60% and the second supplier is Zimbabwe with 37% of the market share in 2010.




Executive summary

South Africa tomato industry continues....................

- South Africa exports market for fresh tomatoes is Mozambique and Zimbabwe. In 2010 SA has a market share of 68% and 14% respectively.
- From 2001 to 2010,China has been the main supplier of tomato paste to South Africa, followed by Italy, with a market share of 74%% and 19% in 2010.
- South Africa main exports market for tomato paste is Zambia, Zimbabwe and DRC, in 2010 south Africa had a markets share of 29%, 26% and 20% respectively.




The future of South Africa's tomato industry

- Tomatoes intended for the fresh market and processing are essentially two different tomatoes with different production methods and cost structures.
- Imports of processed tomatoes into South Africa do not affect price formation within the fresh tomato industry.
- However, the only loss to the fresh tomato industry is the potential to supply the domestic processing industry.
- South Africa is a net importer of tomato paste , with a prevailing duties on imports of tomato paste from China which is currently 30% in cans (28-30% brix);
- Importers feels vulnerable to the reaction of the exchange rates which is a dominant factor in pricing of imports of tomato paste, of which importers have no control.
- Tomato paste processors cannot compete at the prices at which tomato paste is imported.
- Domestic processor is able to produce tomato paste (6xA10 3kg tins) at a cost R210/unit, the same products can be imported from China at less price of R107,3/unit.




The future of South Africa's tomato industry continues........

- Users of tomato paste expressed concerns about the processing sector not being able to benefit because of economies of scale in the processed tomato sector.
- Recommendation were that South Africa should focus on the developing single strength tomato processing sector.
- Single strength tomato products will also face less foreign competition in the domestic market
- If tariffs are increased without programs that stimulate domestic production of processing tomatoes, the subsequent increases in the cost of producing processed products derived from imported tomatoes will be to the detriment of consumers.
- However, due to the simplistic nature of producing processing tomatoes, protection and support of the processing sector will be an ideal way to support and establish small farmers to produce processing tomatoes.




SOUTH AFRICAN TOMATO INDUSTRY

The tomato Complex

The tomato complex consist of tomato seedlings, tomatoes, tomato paste, whole chilled tomatoes, tomato juice, tomato sauce and tomato powder. It is important that cognisance is taken that the demand and supply of the various products have direct implications on price of the other products in the complex.

Supply = **Demand**

Price

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SOUTH AFRICAN TOMATO INDUSTRY

1. Overview of the international tomato industry

- Tomato production
- Tomato consumption
- Tomato trade
- Tomato paste production
- Tomato paste consumption
- Tomato paste trade

2. Southern Africa tomato industry study

- Zambia
- Mozambique
- Zimbabwe
- Angola
- DRC
- Malawi

3. Indepth analysis of the South African tomato industry study

Input → Production / Imports / Supply = Domestic use / Exports / Demand → Processing → Tomato paste / Tomato sauce / Tomato canned / Tomato juice

4. The future of the South African tomato industry

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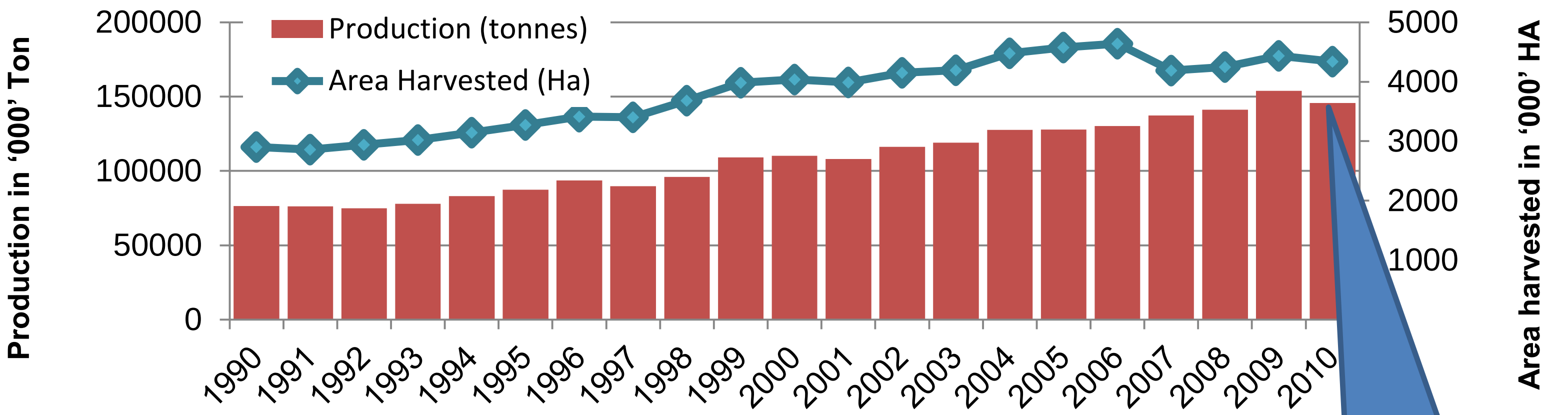
GLOBAL OVERVIEW: PRODUCTION AND AREA PLANTED

Tomato Production | Tomato paste production
Tomato Consumption | Tomato paste consumption
Tomato Trade | Tomato paste trade



Tomato Production has increased by 2.6% CAGR From (2000 – 2010)

Area harvested has increased by 0.7 % CAGR From (2000 – 2010)

The world tomato production decreased by 4.7% from 2009 to 2010.

Major tomato producing countries	Percentage of world tomato production in 2010	Growth in production (2000-2010 in %)	Production in 2010(million tons)
China	29	88	41864750
USA	9	12	12902000
India	8	61	11979700
Turkey	7	13	10052000
Egypt	6	26	8544990
Italy	4	-10	6024800

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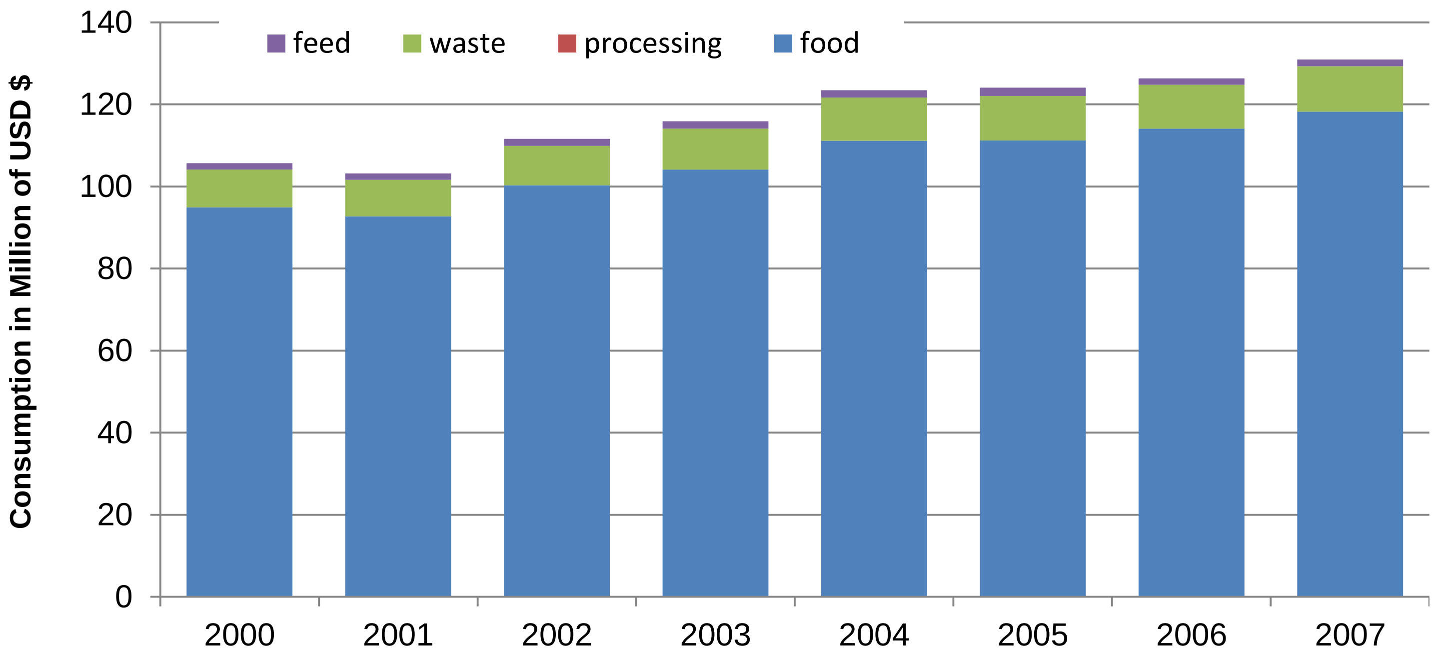
Source: FAO & USDA-FAS, 2011

Global tomato overview: consumption



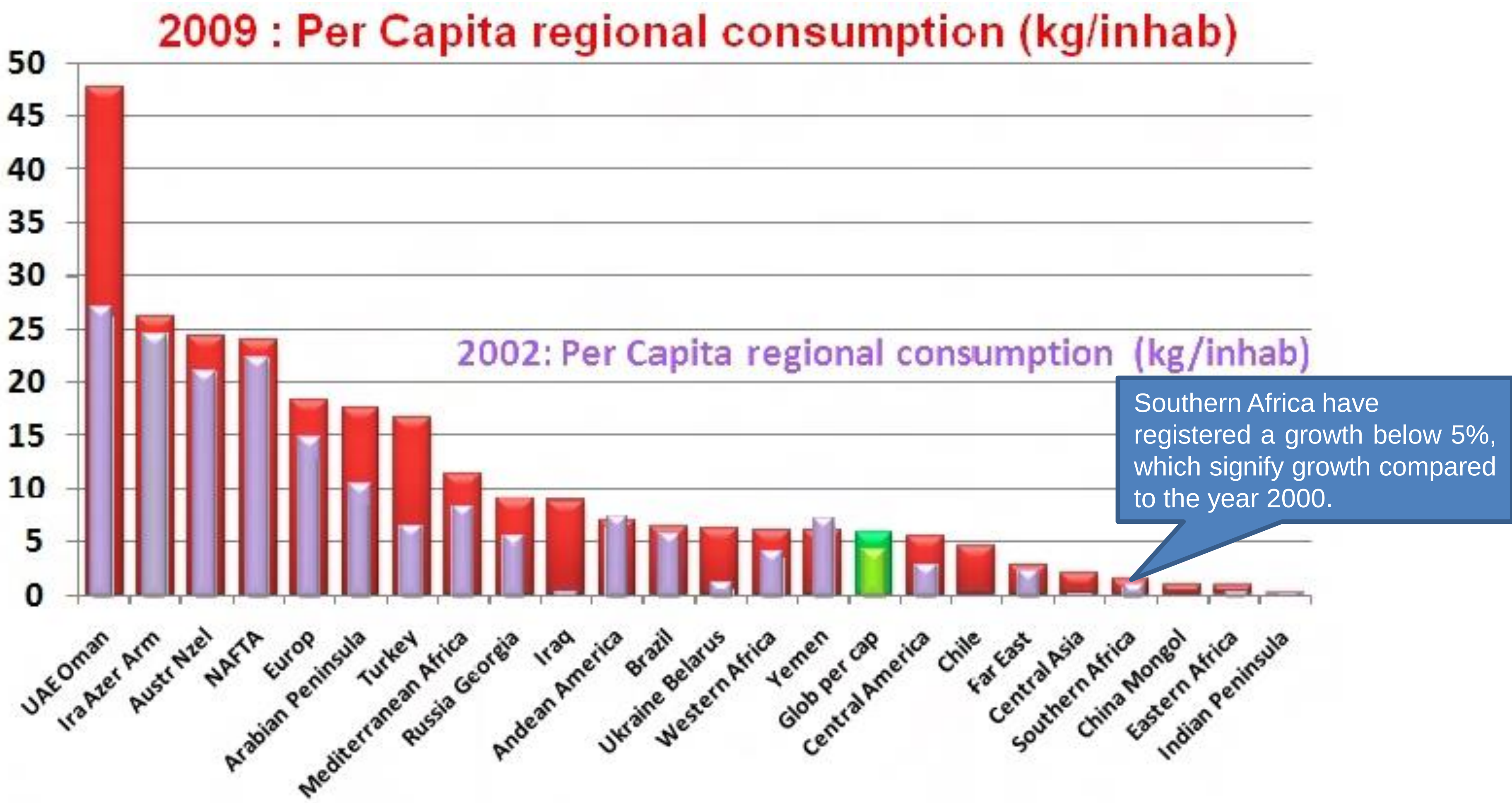
Food has increased by 2.8% from 2000 to 2007 CAGR.

Waste has increased by 2.3% from 2000 to 2007 CAGR.

Source: USDA-FAS,2012

Global tomato overview: consumption

Tomato Production | Tomato paste production
Tomato Consumption | Tomato paste consumption
Tomato Trade | Tomato paste trade

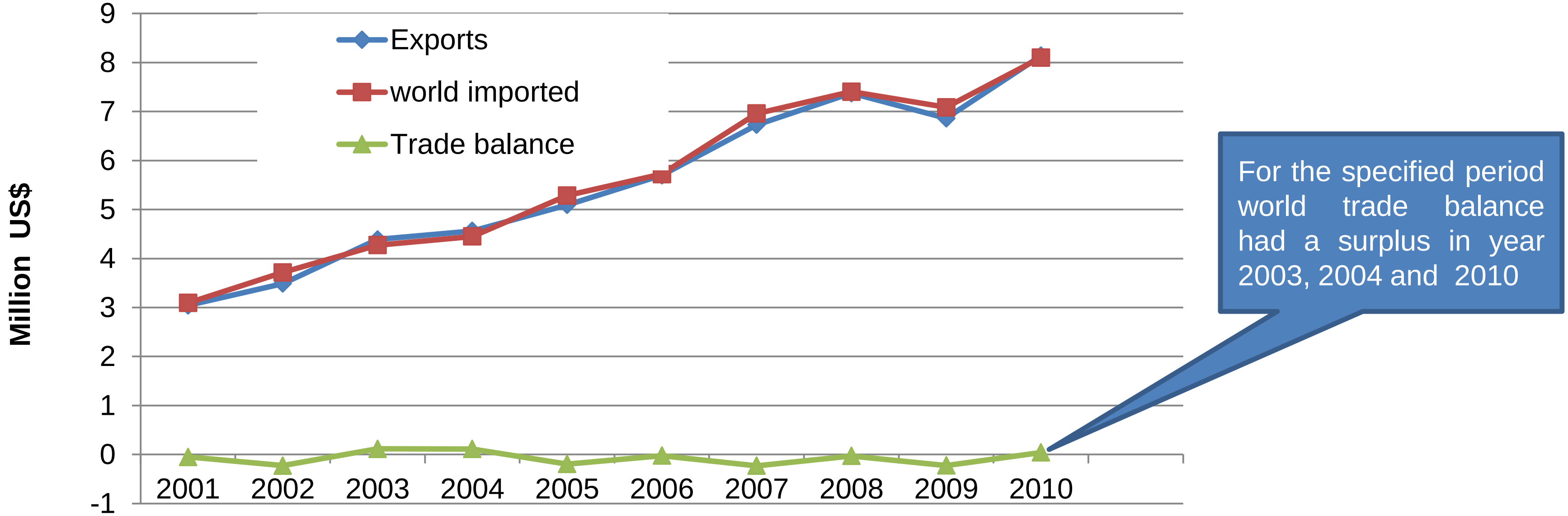


Inhab- Inhabitants

Source: USDA-FAS, 2012

GLOBAL TOMATO OVERVIEW : TRADE

World tomatoes Trade balance

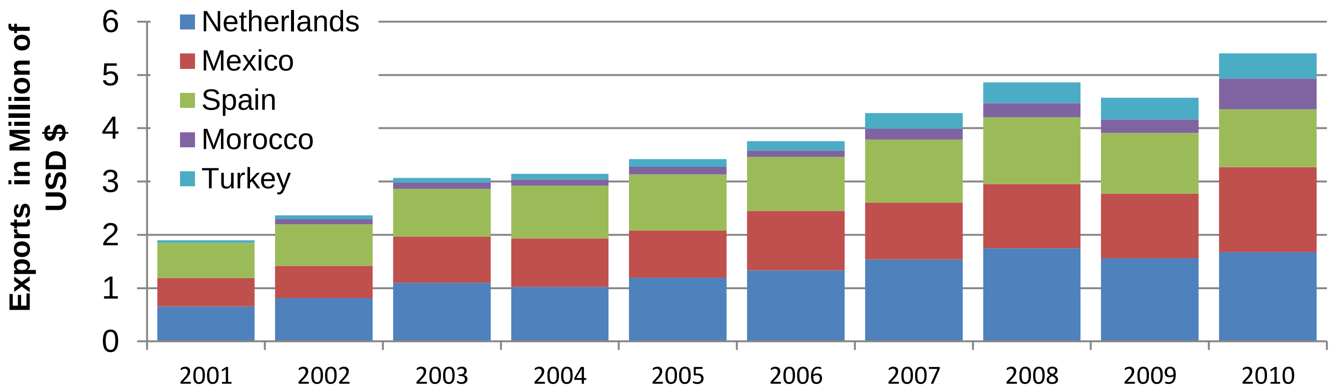


World exports of tomatoes	10.34% CAGR
World imports of tomatoes	10.11% CAGR

Source: USDA-FAS,2011

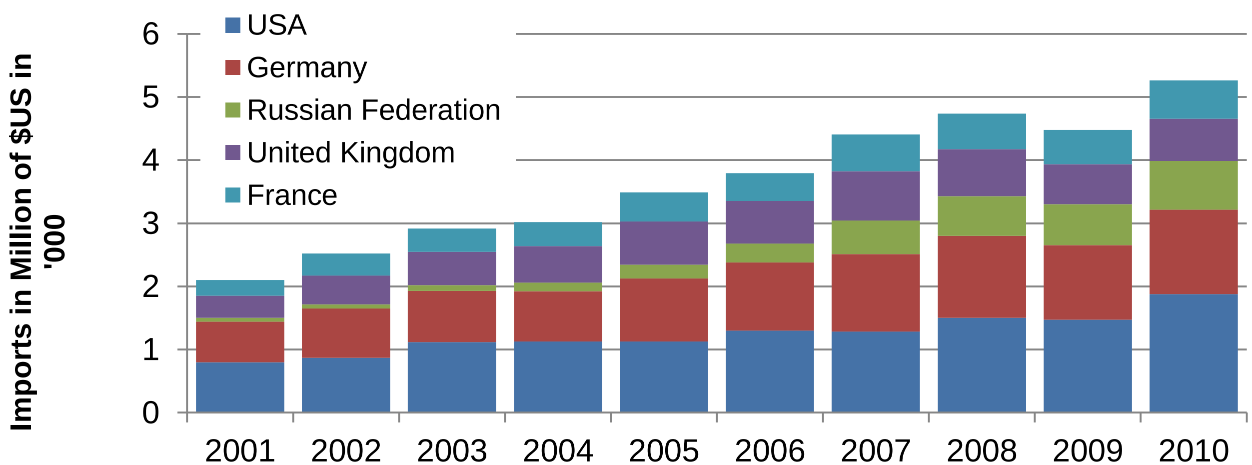
GLOBAL TOMATO OVERVIEW : TRADE

World tomatoes exports



Netherlands exports increased by 9.85% & Mexico increased by 11.6% CAGR.

World tomatoes imports



USA imports increased 9% & Germany increased by 7.6 % CAGR.

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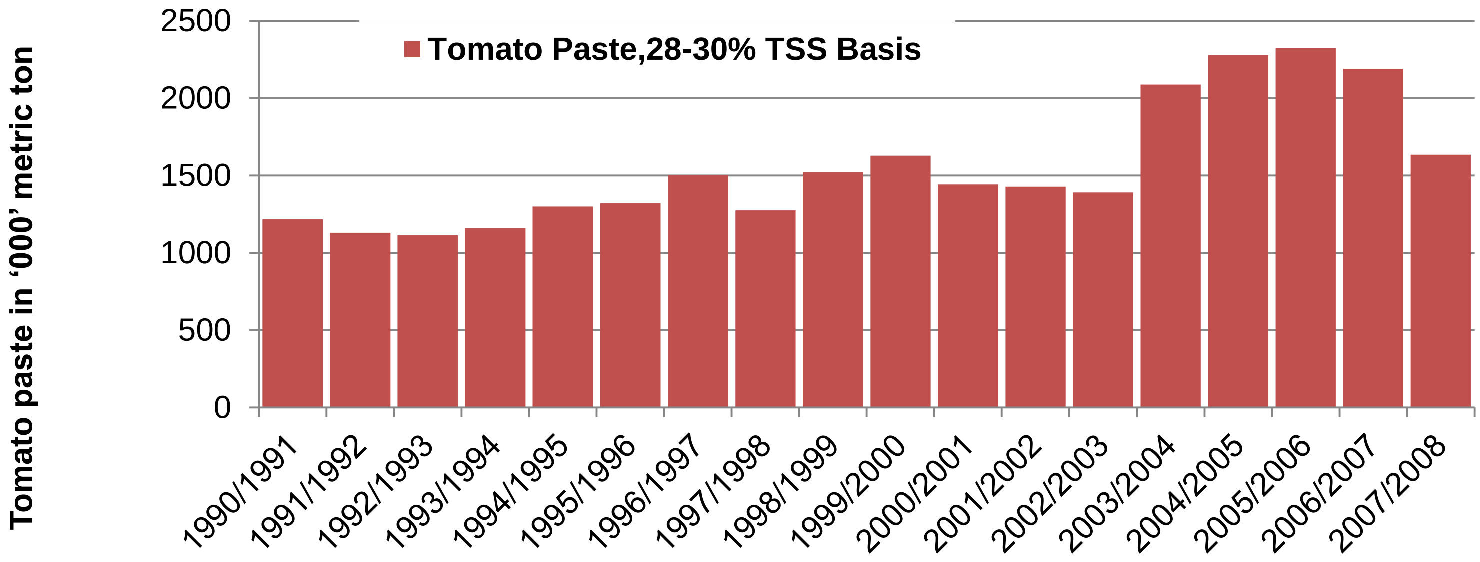
Source: USDA-FAS, 2011

GLOBAL TOMATO OVERVIEW : TOMATO PASTE PRODUCTION

Tomato production	Tomato paste production
Tomato consumption	Tomato paste consumption
Tomato trade	Tomato paste trade



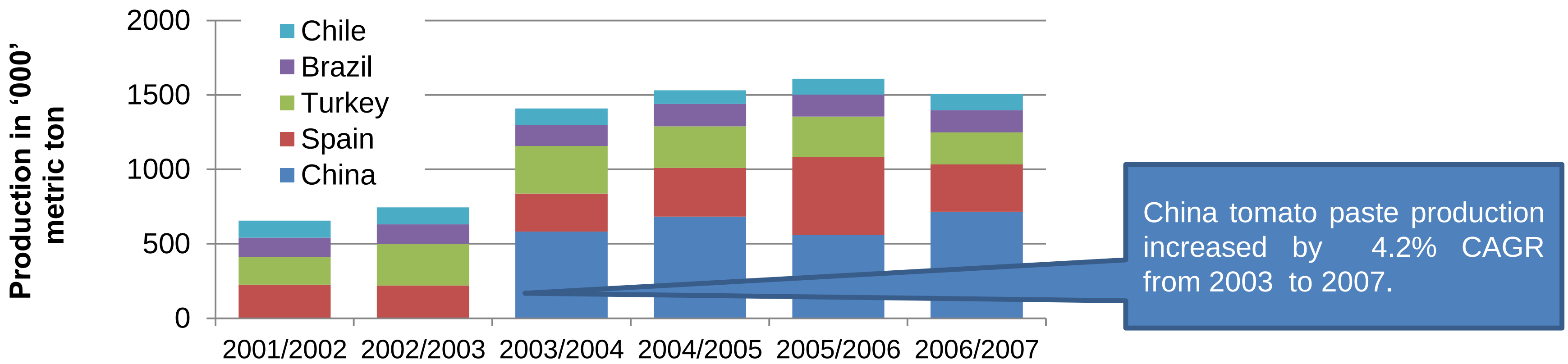
Tomato paste production increased by 1.65 % CAGR

Note: Tomato paste 28-30 percent TSS is double concentrated level paste) which is about 28/30 tomato solid content basis. TSS tomato paste (28-30 percent) is produced at an average industrial rate of 1 kilogram for every 5.6 kilogram of fresh tomatoes. "Tomate frito" is produced from this paste at a rate of a 2.15 kilos for every 1 kilo of TSS tomato paste, while the same amount of paste will yield 0.3 kilos of tomato powder (USDA ; Grain report No SP4013, 2004)

Source: USDA-FAS, 2011

GLOBAL TOMATO OVERVIEW : TOMATO PASTE PRODUCTION

Top five world producers of tomato paste



Major tomato paste producing countries	Percentage of world production in 2007/2008
China	46
Spain	20
Turkey	18.4
Brazil	9.0
Chile	7

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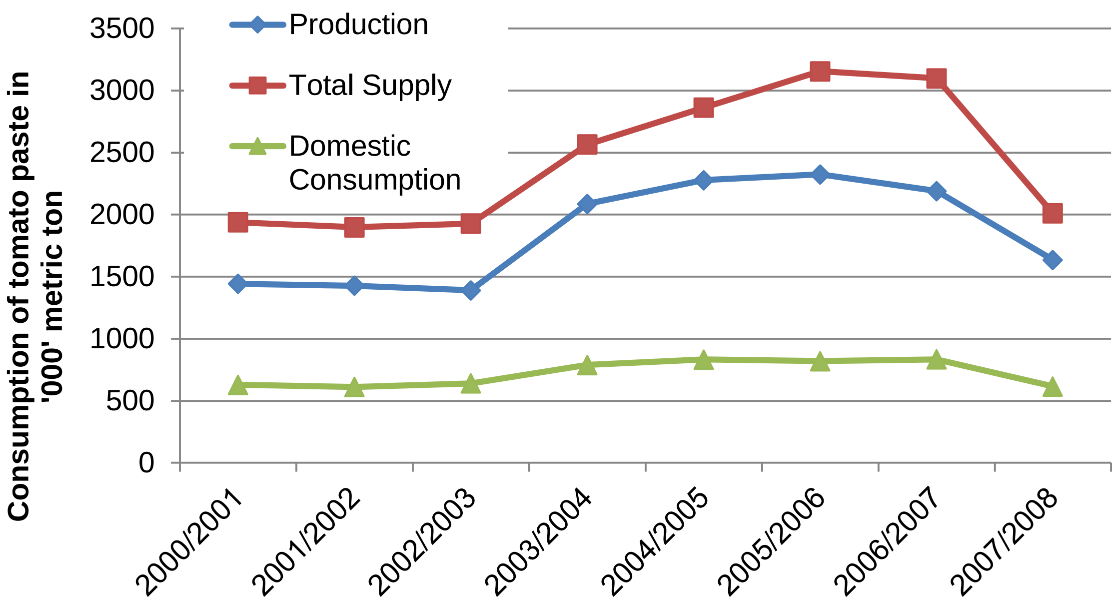
Source: USDA-FAS, 2011

GLOBAL TOMATO PASTE OVERVIEW: CONSUMPTION

Tomato paste production
Tomato paste consumption
Tomato paste trade

World tomato paste consumption



Major tomato paste consuming countries	Percentage of world consumption
Spain	29
Brazil	24
Turkey	21
China	13
Mexico	9

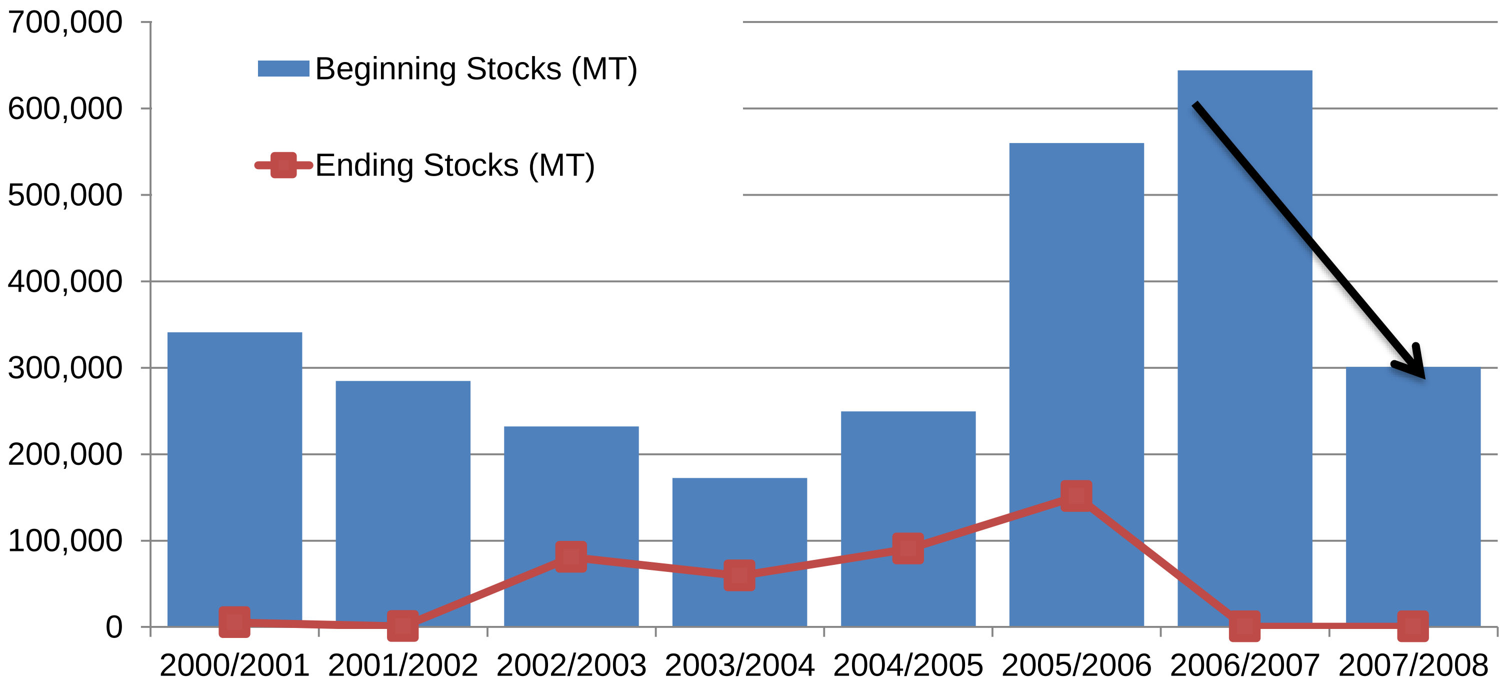
World consumption has decreased by 0.25% CAGR from 2000 of 2008

Word total supply has increased by 0.46% CAGR from 2008 of 2008.

Source: USDA-FAS, 2011

GLOBAL TOMATO PASTE OVERVIEW

World tomato paste trade, stocks and prices

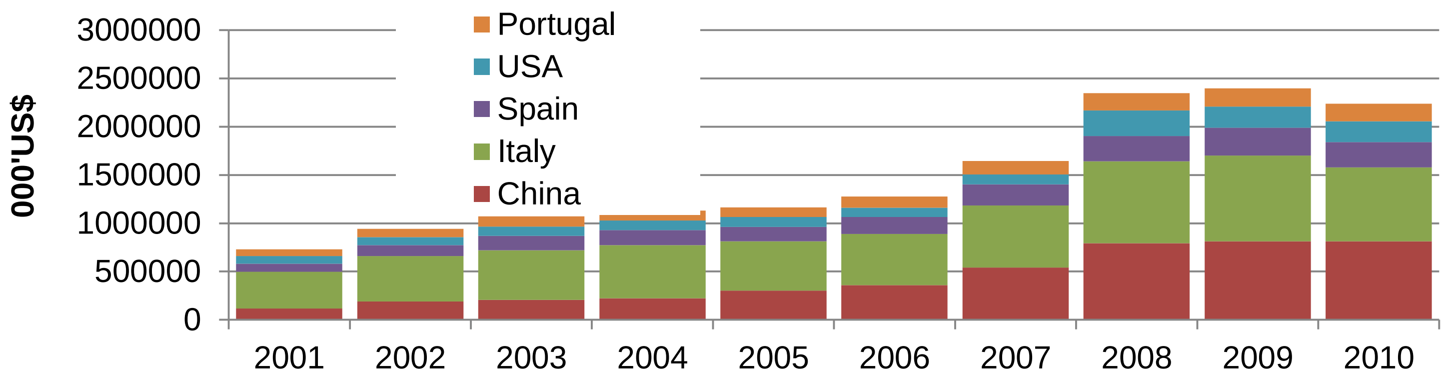


Beginning stock decrease by -32% CAGR

Source: USDA-FAS, 2011

GLOBAL TOMATO PASTE OVERVIEW

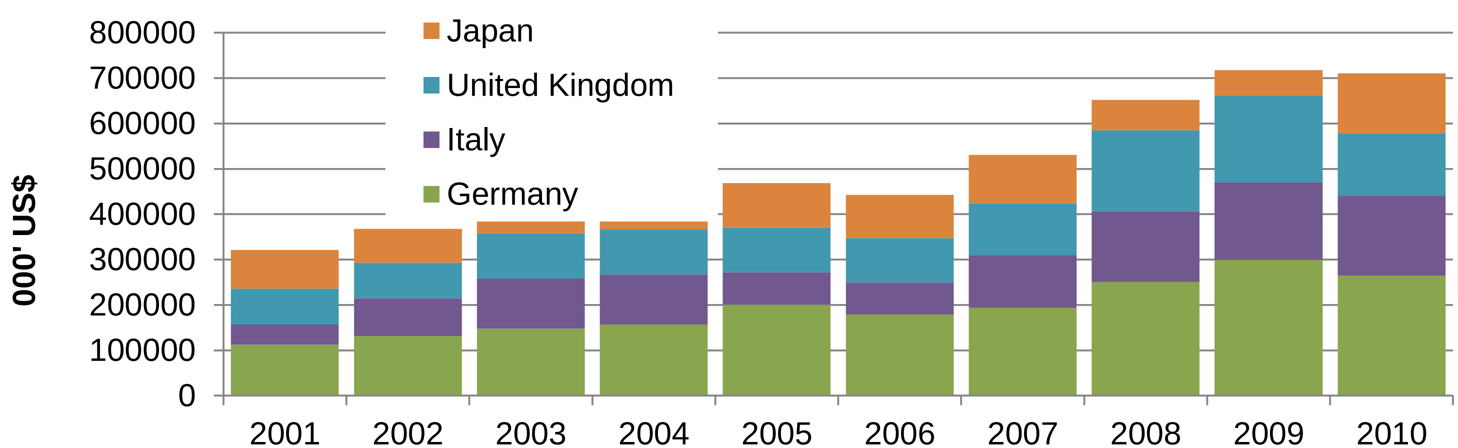
World tomato paste exports



Italy exports of tomato paste increased by 19.03 % CAGR

China exports of tomato paste increased by 81.93 % CAGR

World tomato paste imports



Germany imports of tomato paste increased by 8.94 % CAGR

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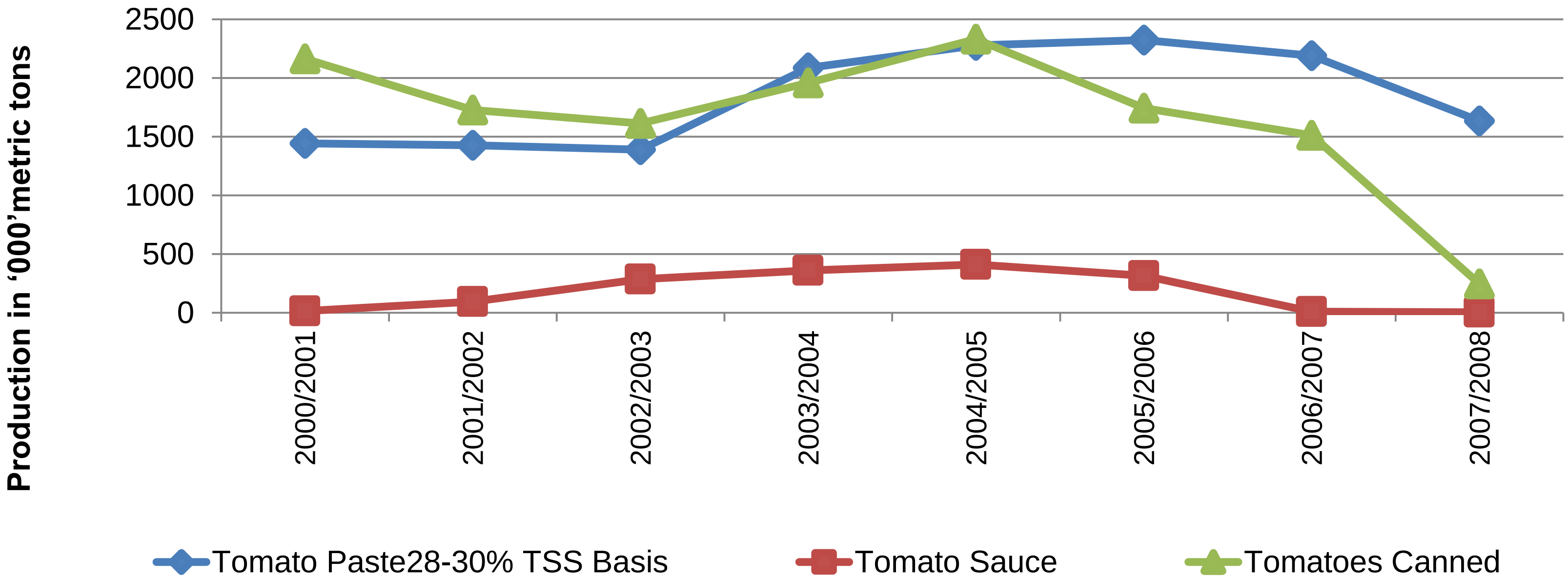
Strategic positioning of South African Agriculture in dynamic global markets

Source: USDA-FAS, 2011

Trends in the production of the tomato products



Tomatoes sauce has decreased by -14% CAGR

Tomatoes canned has decreased by -24% CAGR.

Tomato paste has decreased by 1.6 % CAGR.

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source: USDA-FAS, 2011

GLOBAL TOMATO OVERVIEW

Tomato production | Tomato paste production
Tomato consumption | Tomato paste consumption
Tomato trade | Tomato paste trade

	Main processing countries 2003/2010											
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 f
Spain	1 504	1 318	1 472	1 588	1 746	2 200	2 850	1 580	1 750	1 730	2 700	2 200
Greece	1 245	1 063	935	861	984	1 200	850	710	640	670	810	620
Italy	5 014	4 875	4 806	4 325	5 316	6 400	5 300	4 400	4 619	4 900	5 747	4 800
Portugal	996	855	917	802	864	1 180	1 000	900	1 040	998	1 242	1 200
Iran	0	0	0	0	2 125	1 926	2 124	1 800	2 100	2 060	2 400	1 400
Tunisia	730	732	430	560	620	743	735	463	580	800	750	800
Turkey	1 750	1 300	950	1 500	2 000	1 750	1 626	1 450	1 650	2 700	1 800	1 300
California	11 101	9 329	7 838	10 029	8 393	10 589	8 706	9 164	10 950	10 720	12 073	11 158
China	800	1 800	1 000	2 300	2 800	4 200	3 200	4 300	4 600	6 405	8 655	7 000
Brazil	1 290	1 200	1 000	1 100	1 250	1 399	1 246	1 160	1 292	1 200	1 150	1 780
Chile	935	925	725	545	607	720	756	630	670	510	619	864
S/Total Top 10	25 365	23 398	20 142	23 626	26 098	31 587	27 658	26 094	29 311	32 183	37 327	32 502
Top 10 vs Global	85,7%	86,4%	85,5%	82,4%	84,9%	86,3%	85,0%	85,5%	86,8%	87,8%	87,9%	86,4%
other	4 237	3 691	3 426	5 054	4 627	5 020	4 887	4 423	4 453	4 486	5 140	5 111
Global processing	29 602	27 088	23 568	28 680	30 725	36 606	32 545	30 517	33 764	36 669	42 467	37 613

According to Tomato News (2010), even though California has been a world leader in volumes for the indicated years, its entry into the leading exporter is relatively recent, in comparison the development of Chinese exports is amazing from 816, 00 ton in 2000 to 6.1 million ton in 2009.

Tomato News, 2010

Southern African tomato industry study

The following section provides a brief overview of the tomato industry in selected southern African countries. The criterion used is based on the trade relationship of tomato products between South Africa and the countries selected. More specific information will require much more in depth analysis.







SOUTHERN AFRICA TOMATOES INDUSTRY: ZAMBIA

- Tomatoes are currently produced by almost 29 000 households, second to rapeseed.
- In terms of fresh produce, tomatoes has the second highest production value in Zambia (Emongor *et al* ,2004).
- Tomato production is produced through out in all provinces of Zambia. Small-scale farmers grow tomatoes for home consumption and surpluses is sold on local markets (Emongor *et al*, 2004).
- The present demand for the product is estimated at 100 thousand tons per year
- Tomato production has increased from 25000 tons in 2000 to an estimated 26000 tons in 2010. A minimal increase is also observed in the area harvested and yield per hectare (FAO, 2012).
- However, because of the stringent sourcing criteria of supermarkets, small-scale farmers are at a disadvantage in selling fresh vegetables such as tomatoes, cabbages among others (Emongor *et al,* 2004)
- 29% of the South Africa tomatoes were imported by Zambia according to the In 2010 , World trade Atlas (2012).
- According to Emongor (2004) tomato processing in Zambia is not well developed, therefore products such as tomato paste, tomato juice and tomato sauce are imported from South Africa and Zimbabwe.
- In 2004 only one firm called Rivonia located in Kitwe, produces tomato sauce in Zambia, which seemed not to be sufficient for the Zambian population and is supplemented by imports from Zimbabwe and South Africa (Emongor at al , 2004).

SOUTHERN AFRICA TOMATOES INDUSTRY: MOZAMBIQUE

- Mozambique is a net importer of tomatoes, with South Africa supplying 99 percent of the 2266 tons of tomatoes imported during 2010 (ITC, 2012).
- Tomato production has increased from 7117 tons in 2000 to an estimated 16000 tons in 2010.
- This increase in production can be attributed to the increase in the area harvested from 972 ha in 2000 to 2250 ha in 2010. Yields have remained stable over the period (FAOSTAT, 2012).

SOUTHERN AFRICA TOMATOES INDUSTRY: ANGOLA

- Subsistence agriculture provides the main livelihood for most of the people, but half of the country's food is still imported.
- Angola is a net importer of tomatoes, with South Africa supplying 214 tons or 92 percent of imports during 2010 (ITC, 2012).
- Tomato production has increased from 13000 tons in 2000 to an estimated 15500 tons in 2010. Since 2000, the area planted and yield of tomatoes have shown fluctuations (FAOSTAT, 2012).

SOUTHERN AFRICA TOMATOES INDUSTRY: ZIMBABWE

- Zimbabwe is a net importer of tomatoes, with South Africa supplying 222 tons or 92 percent of imports during 2010 (ITC, 2012).
- Tomato production has increased from 11000 tons in 2000 to an estimated 26000 tons in 2010. Since 2000, the area planted and yield of tomatoes have increased minimally (FAOSTAT, 2012).

SOUTHERN AFRICA TOMATOES INDUSTRY: MALAWI

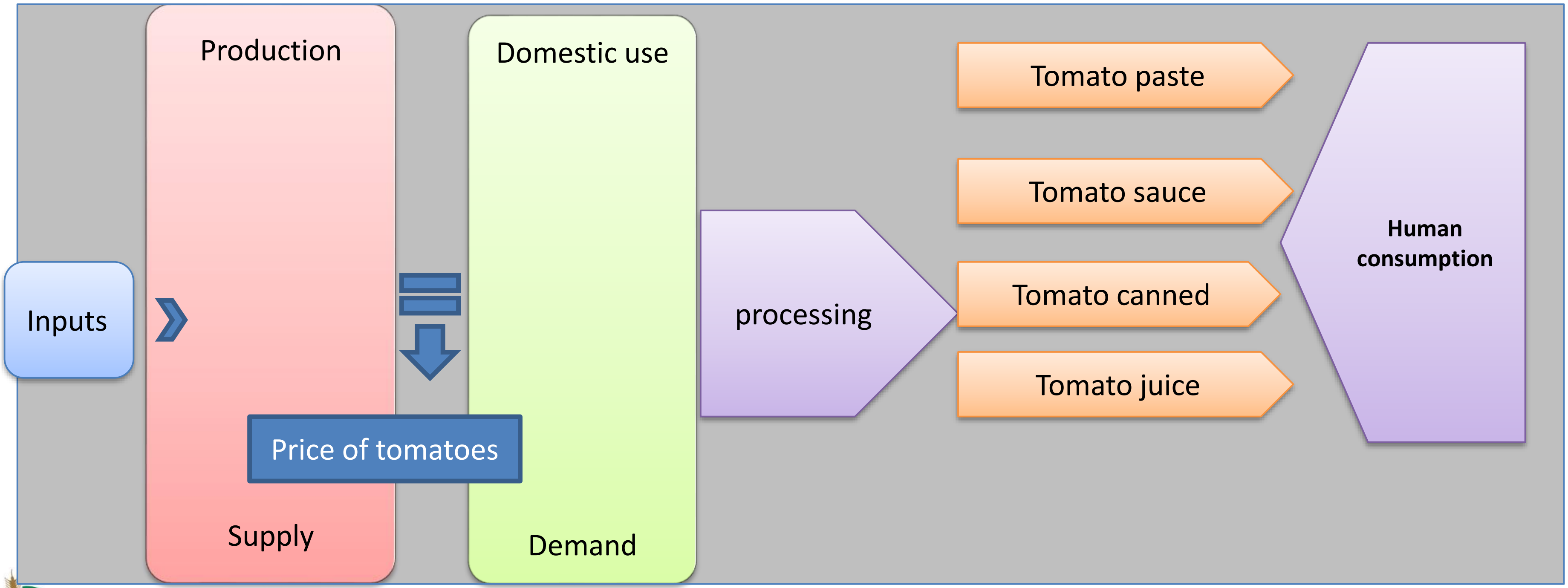
- Malawi is a net importer of tomatoes, with South Africa supplying 94 percent of the 47 tons of tomatoes imported by Malawi during 2010 (ITC, 2012).
- Tomato production has increased from 35000 tons in 2000 to an estimated 39200 tons in 2010.
- The increase in yield can be attributed to the increase in the area harvested from 4000 ha in 2000 to 4400 ha in 2010 (FAOSTAT, 2012).

SOUTHERN AFRICA TOMATOES INDUSTRY : DRC

- The DRC is a net importer of tomatoes, with China and Italy supplying 76.4 % and 18 % respectively of the tomatoes imported during 2010 (ITC, 2012).
- Tomato production has increased from 43000 tons in 2000 to an estimated 50000 tons in 2010.
- This increase in production can be attributed to the increase in the area harvested from 5900 ha in 2000 to 6700 ha in 2010 (FAOSTAT, 2012).

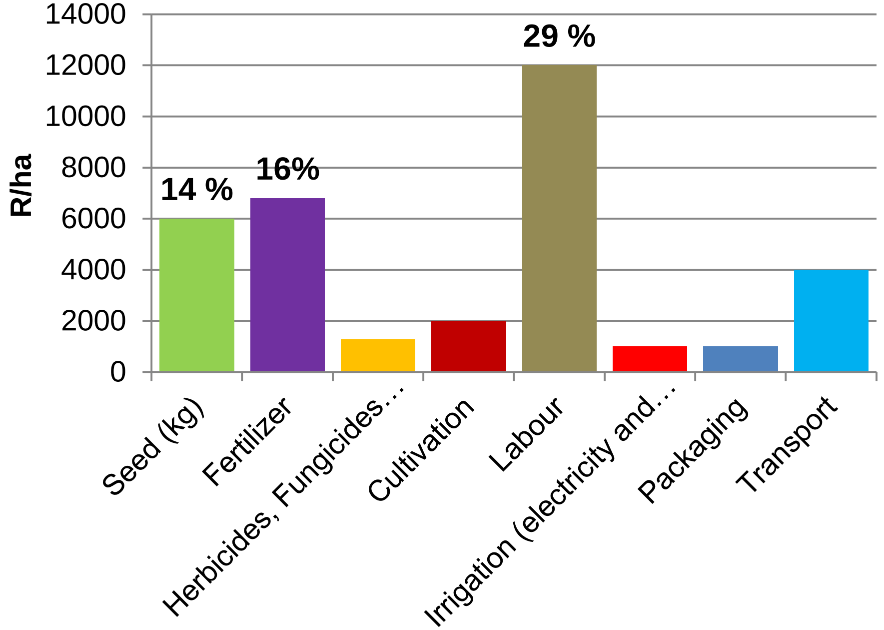
The in depth overview of the tomato industry will follow the framework provided by the tomato value chain as well as the framework provided by the supply and demand balance sheet of tomatoes. A value chain framework will ensure that all aspects of the tomatoes industry is covered whereas the supply and demand balance sheet will aid in the explanation of the price formation process of tomatoes and tomato products.

Simple tomato value chain and balance sheet

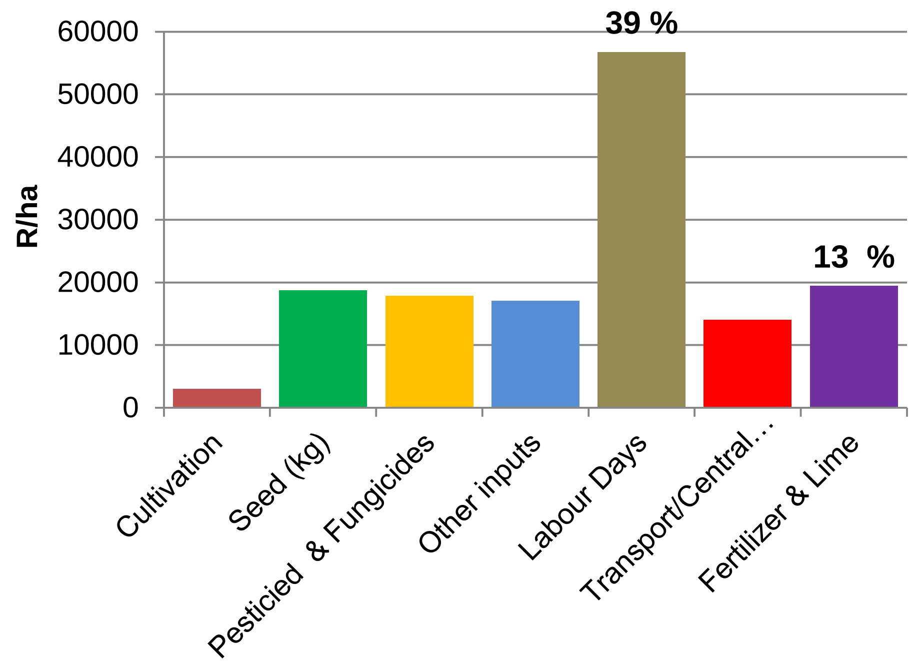


Breakdown of total variable cost for 2012 production season in the Lowveld Area of Limpopo

Production cost of Processing Tomato



Production cost of Fresh Market Tomato



Labour cost makes the the highest contribution to the total variable production cost. Processing tomato, labour cost constitutes 29%. While in Fresh tomato, labour cost constitutes 39 % of the total variable production cost. Fertilizer and seed makes the second and the third largest contribution.

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Source: Technoserve, 2011

SOUTH AFRICA
TOMATO INDUSTRY : Most prominent production areas

- The tomato industry is the second most important and popular vegetable crop after potatoes in South Africa.
- Not only cultivated commercially but also commonly grown by subsistence, resource poor farmers and home gardeners.
- It contributed approximately 19% (excluding potatoes) to the gross value of vegetable production in 2009.
- Tomatoes are produced in all South African Provinces.

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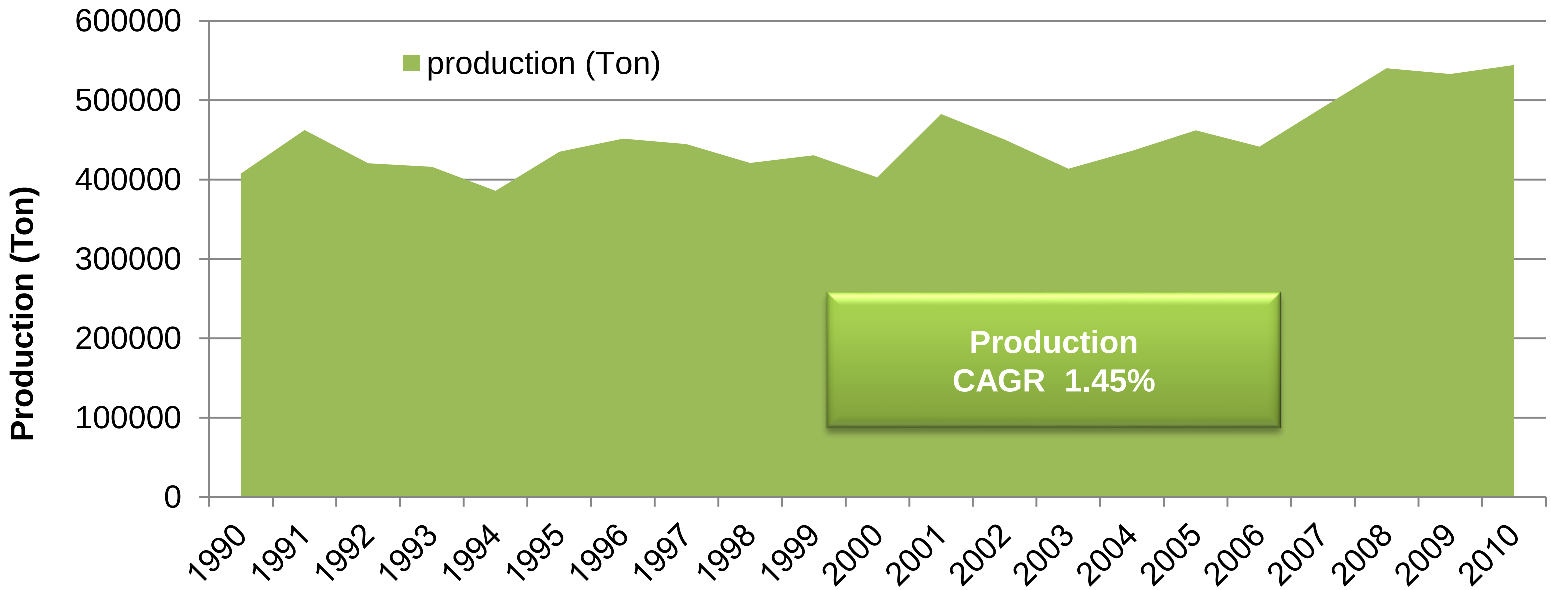
SOUTH AFRICA
TOMATO INDUSTRY : Most prominent production areas

- Limpopo Province is the major production area with 3 590 ha (Northern Lowveld has 2 700 ha and far Northern areas of Limpopo at 890 ha) (DAFF, 2010).
- ZZ2 is the main producer of fresh tomatoes in South Africa.
- 98% of the production is on open field.
- 50 to 70 % of the ZZ2 fresh tomatoes produced suppliers the National fresh produce market.
- 5 to 10 % of the fresh tomatoes goes directly to the supermarkets such as pick N pay, checkers, Spar etc.
- 20% o the fresh tomatoes supplies to ZZ2 own market, which is the local green groceries stores such as fruits & veg city, Goseame & hawkers.
- The province accounts for more than 50 % of the total area planted with tomatoes.
- The other producing areas are the Onderberg (Mpumalanga Province at 770 ha) and Border area (Eastern Cape Province at 450 ha) (DAFF, 2010).

Production of Tomatoes in South Africa

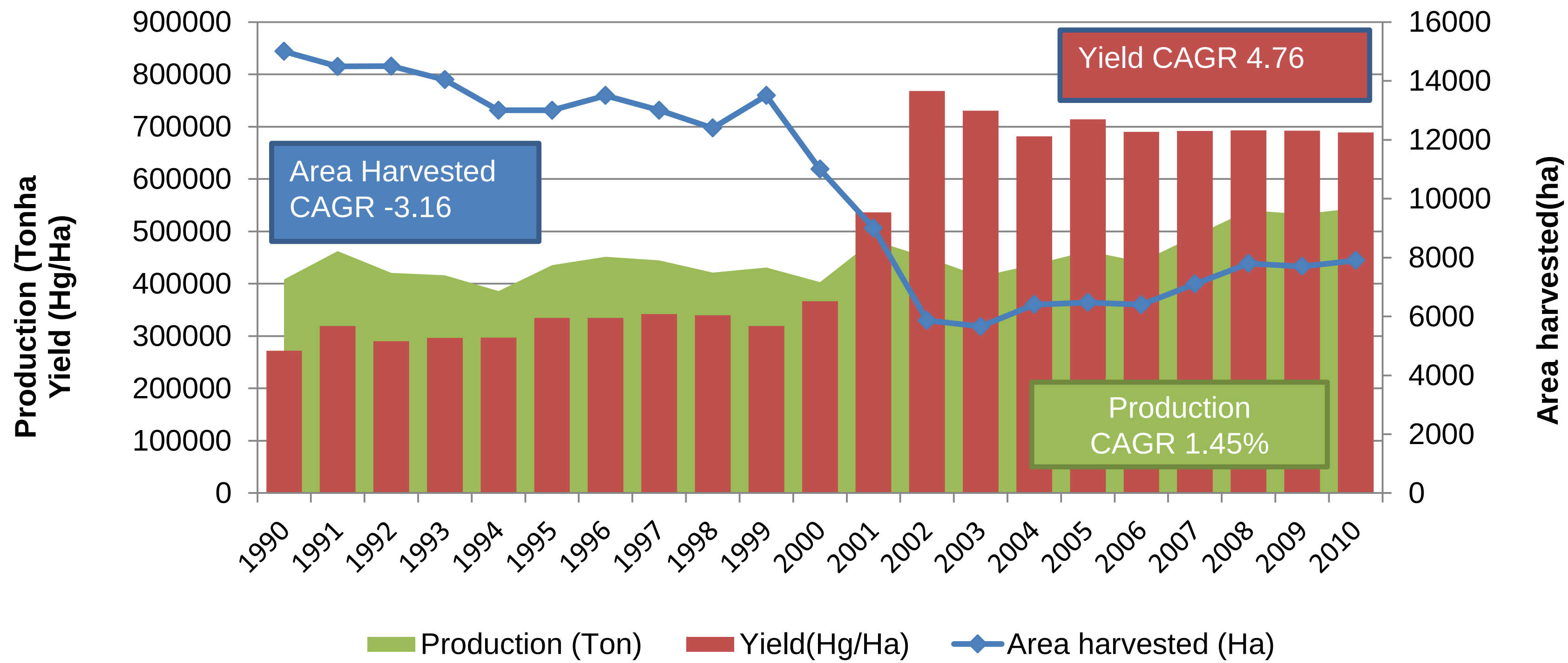


- There are approximately 695 producers in both commercial (95 %) and emerging sectors (5 %) (DAFF, 2010).
- In 2010, tomato production increased by 3 % from the 2009 figures.
- The highest production volume was recorded in 2010.
- The drop in production in 2002 – 2004 and 2006 – 2007 can be attributed to unfavourable climatic conditions and high production costs.

SOUTH AFRICA
TOMATOES INDUSTRY

Tomato production in South Africa

Area harvested	Yield	Production	3 year CAGR
2008: 7800 ha	2008: 692910 hg/ha	2008 : 540470 ton	Area harvested: 0.43%
2009: 7700 ha	2009 :692422 hg/ha	2009 : 533165 ton	Production: 0.25%
2010: 7900 ha	2010: 689186 hg/ha	2010 : 544457 ton	Yield: -0.18%



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Source: FAO,2010

SOUTH AFRICA TOMATO INDUSTRY

The following section provides a brief overview of the south African tomato trade. The criterion used is based on the trade relationship of tomato products between South Africa and the countries selected. More specific information will require much more in depth analysis.

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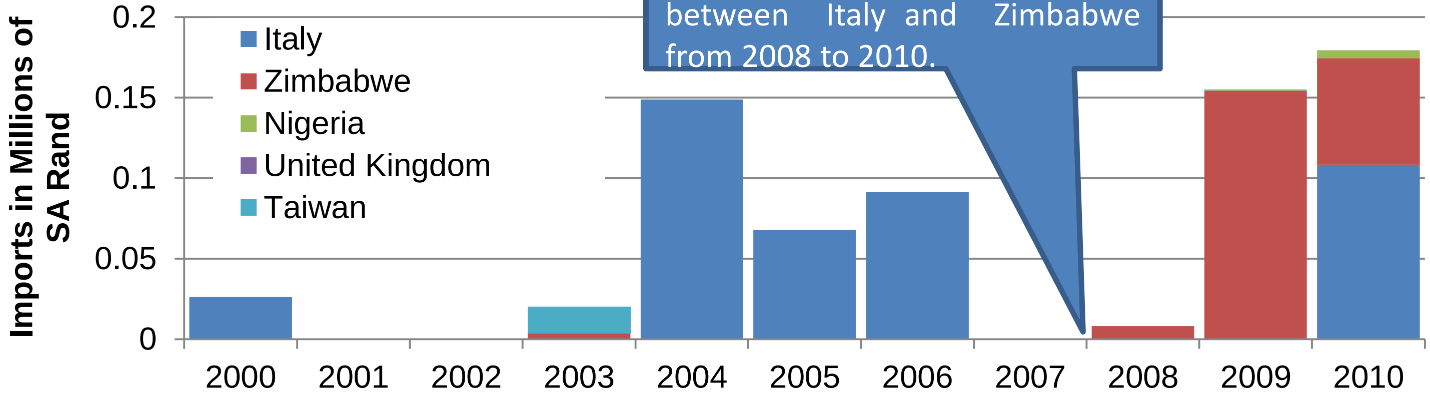
SOUTH AFRICA TOMATO INDUSTRY

Tomato production | Tomato paste production
Tomato consumption | Tomato paste consumption
Tomato trade | Tomato paste trade

South African tomatoes imports

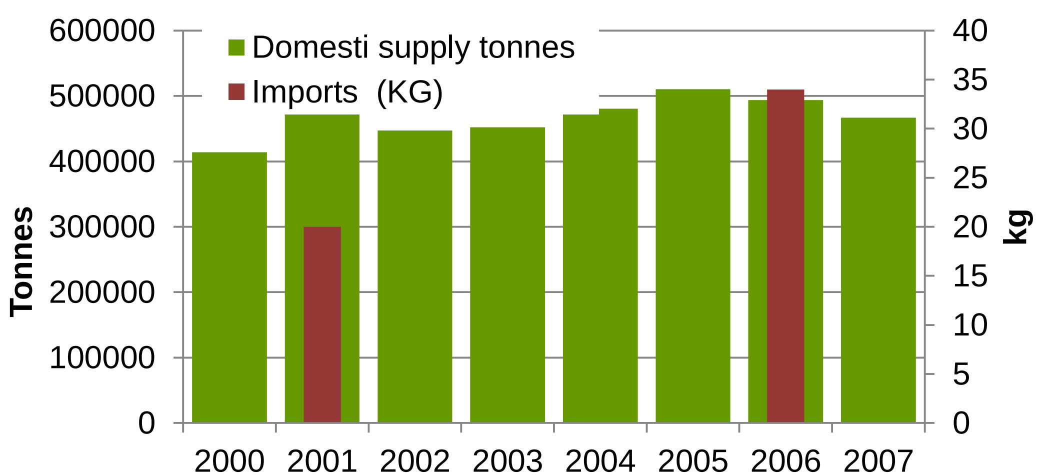


The shift in imports patterns of fresh tomatoes is observed between Italy and Zimbabwe from 2008 to 2010.

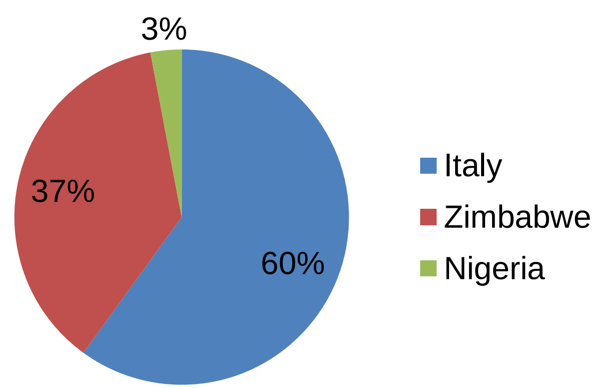
Total Imports 18.5% CAGR

Zimbabwe CAGR 44%

Italy Imports 14 % CAGR



Markets South Africa imported in 2010



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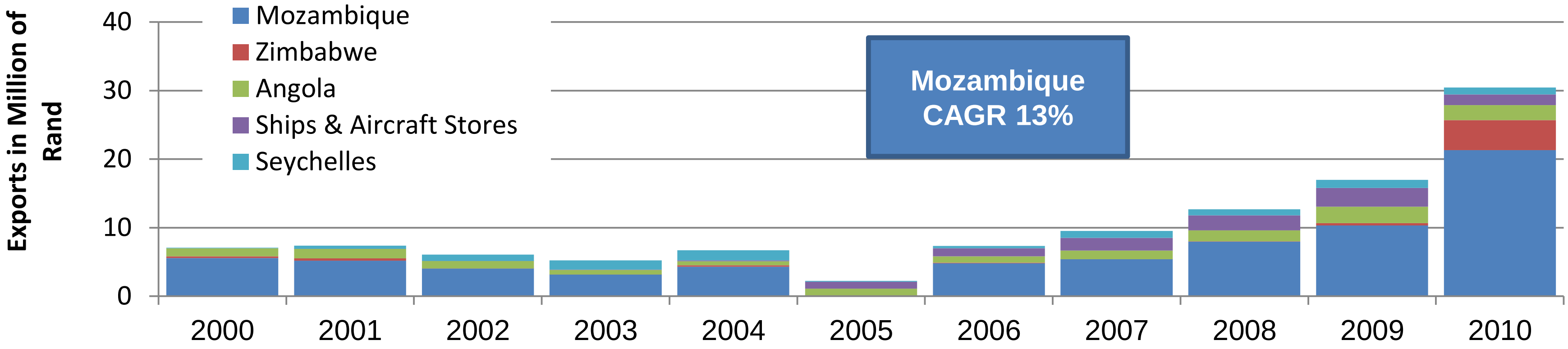
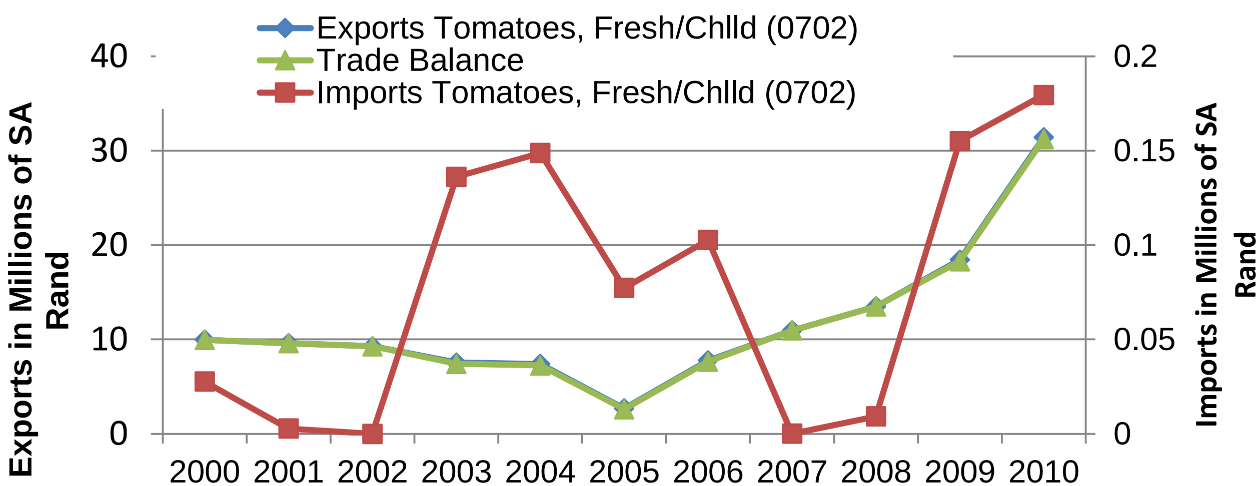
Source: FAO & WTA, 2010

SOUTH AFRICA TOMATO INDUSTRY

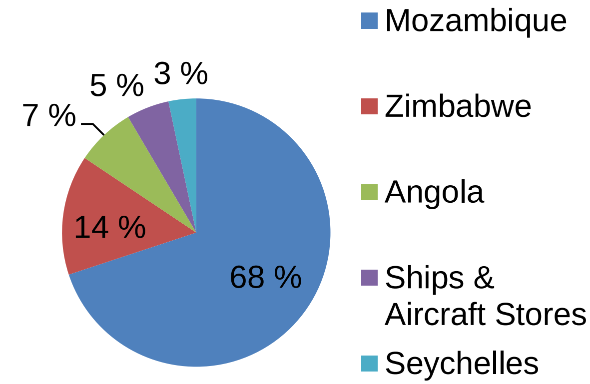
South African tomatoes exports



South Africa tomatoes trade balance



South African export markets in 2010



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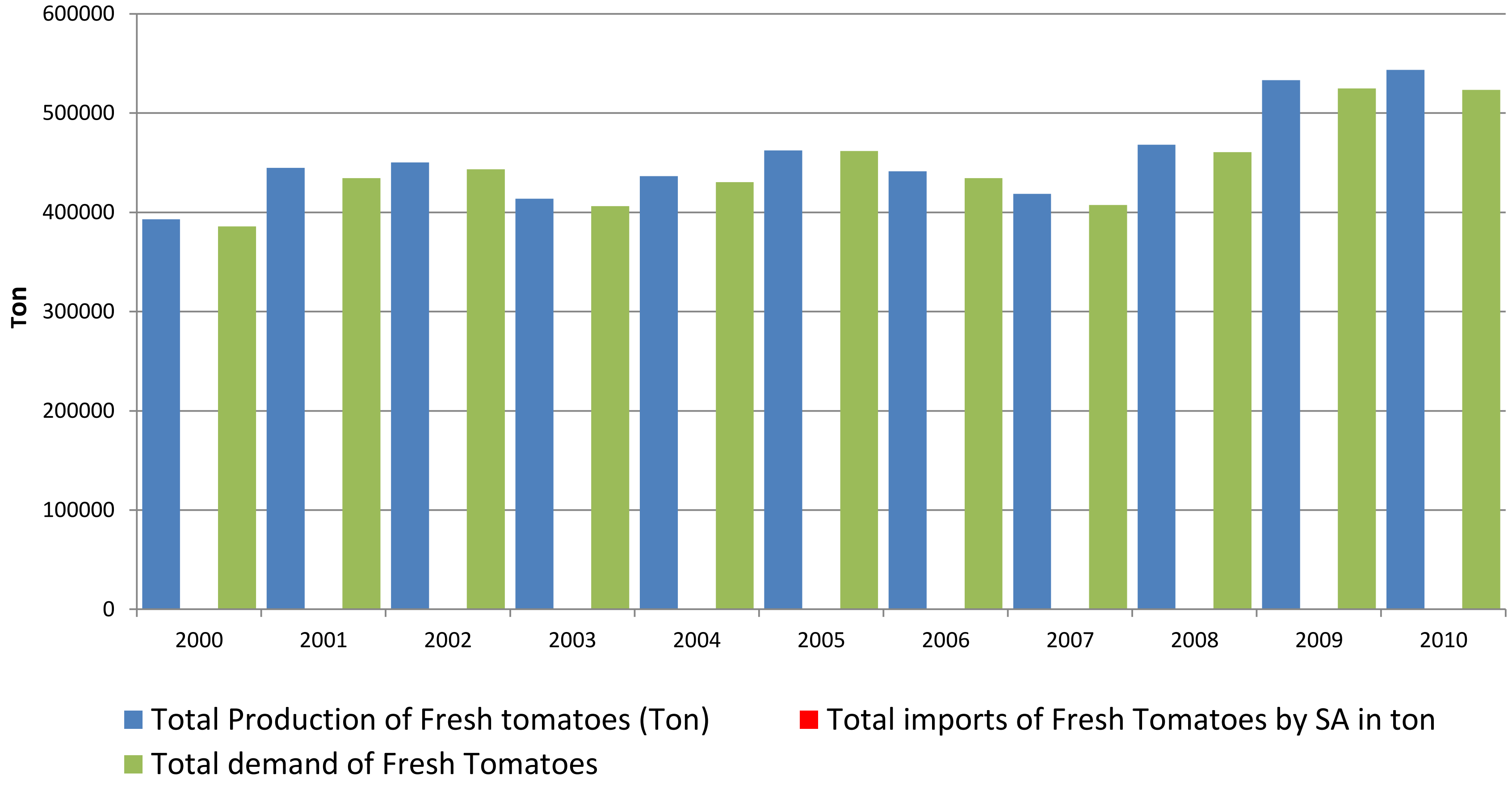
Source: WTA, 2010

Tomato production | Tomato paste production
Tomato consumption | Tomato paste consumption
Tomato trade | Tomato paste trade

SOUTH AFRICA TOMATO INDUSTRY

South African tomatoes supply and demand



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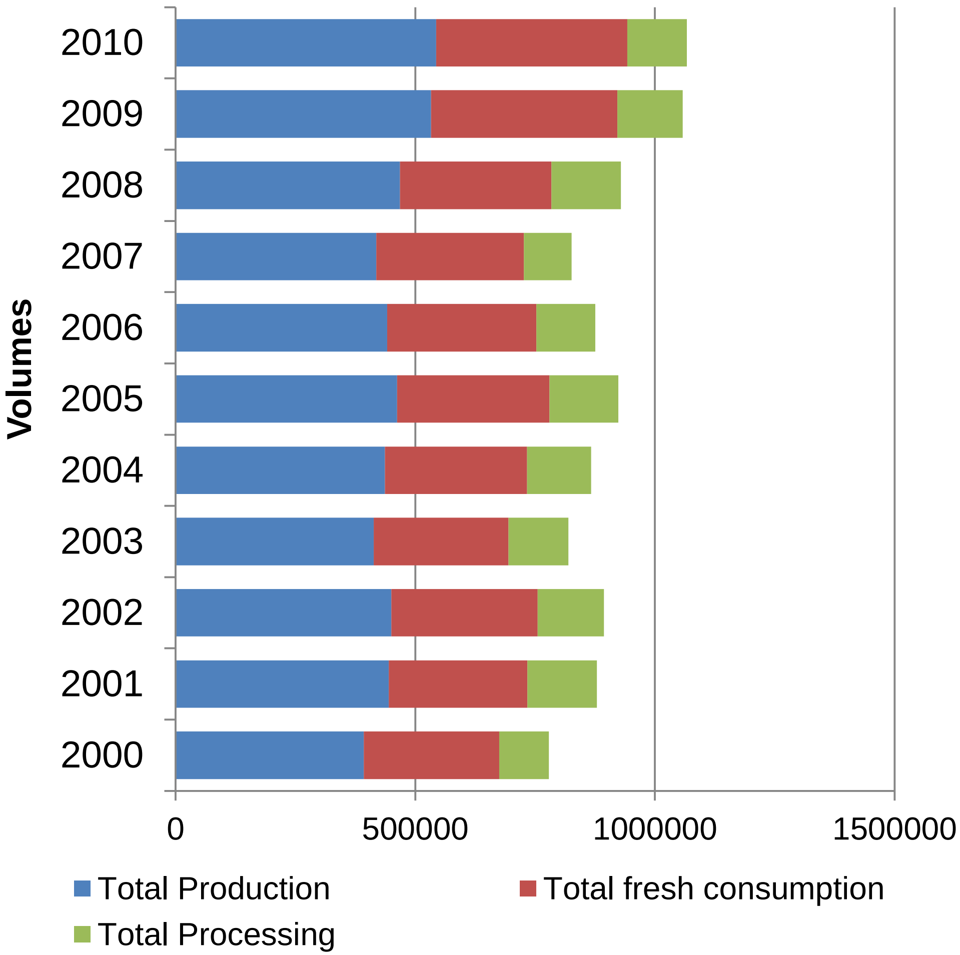
Source: FAO & WTA,2010

Domestic use of tomatoes from domestically produced tomatoes



Total production (TP)

CAGR 3%

Total fresh produce(TFC)

CAGR 3.19 %

TFC = 70% of TP

Total Processing (TPROC)

CAGR 1.68 %

T PROC= 28% of TP

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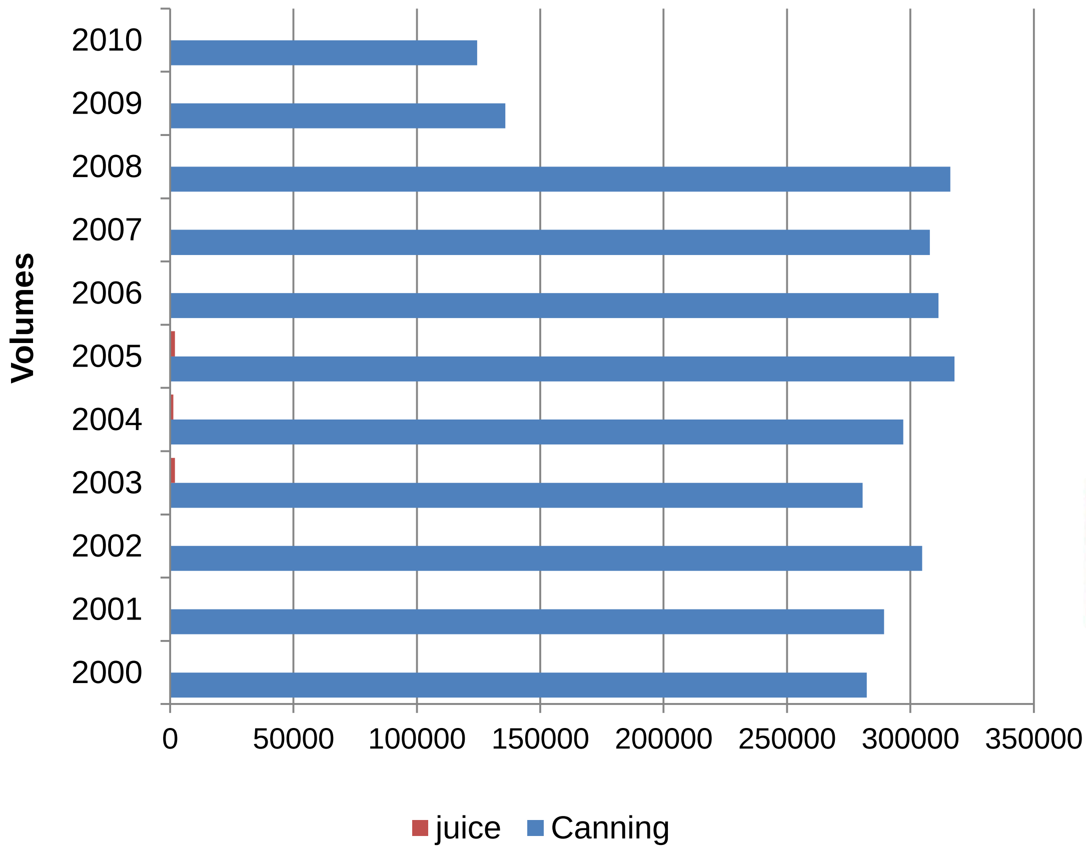
Source: DAFF, 2010

Break down of tomatoes for processing



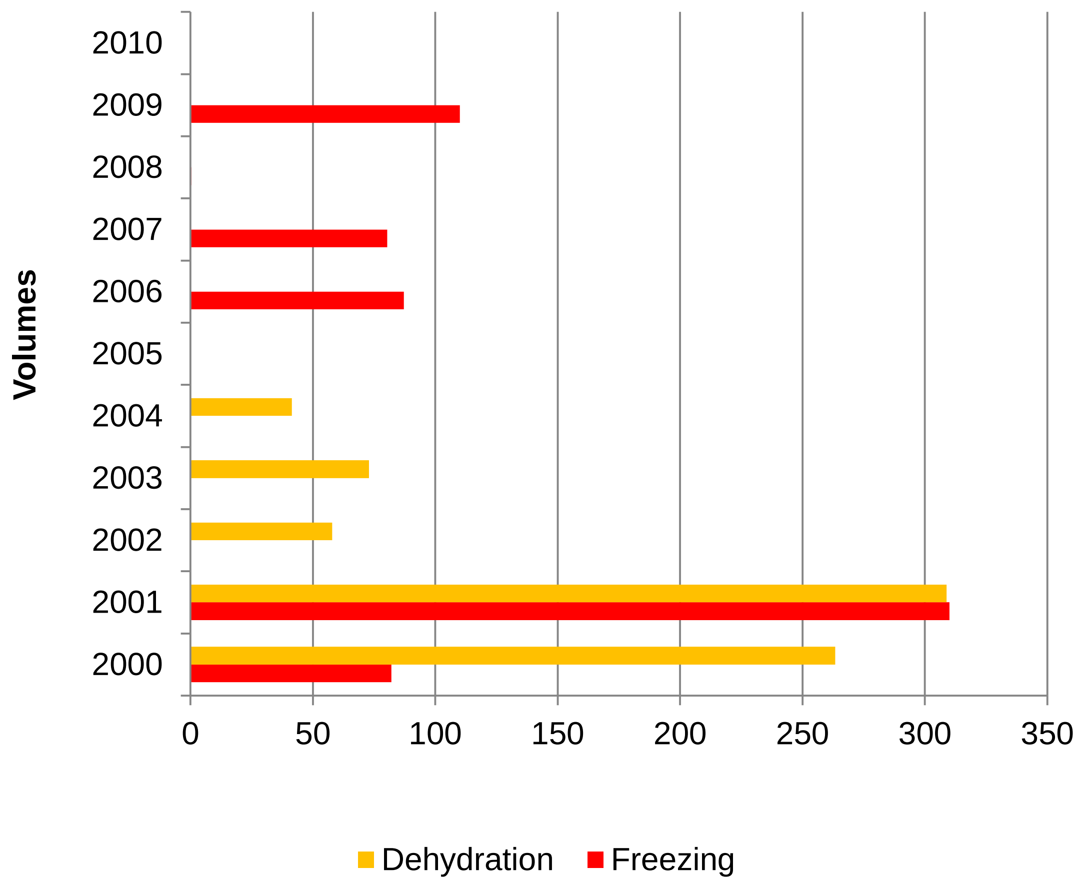
Juice represent 0.1 % of total production

Canning represent 59 % of total production

CAGR -7.18 %

Source: DAFF, 2010

Break down of tomatoes for processing



Freezing represent 0.01% of total production

Dehydration represent .01 % of total production

Source: DAFF, 2010

Supply and demand of tomato processing products

Historic	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sales of tomato pastes and purées (volume '000 ton)	2.90	3.00	3.10	3.30	3.50	3.80	4.00	4.10	4.20	4.30	4.40
Sales of ketchup (volume '000 ton)	14.80	16.20	17.60	18.20	20.00	21.70	23.10	23.90	24.60	25.10	25.50
Sales of tomato pastes and purées (value R million)	49.80	58.50	67.50	71.90	79.10	85.80	91.50	96.70	100.90	104.00	106.20
Sales of ketchup (value R million)	358.80	402.70	448.00	501.80	577.00	640.50	695.30	735.20	768.00	793.30	813.10

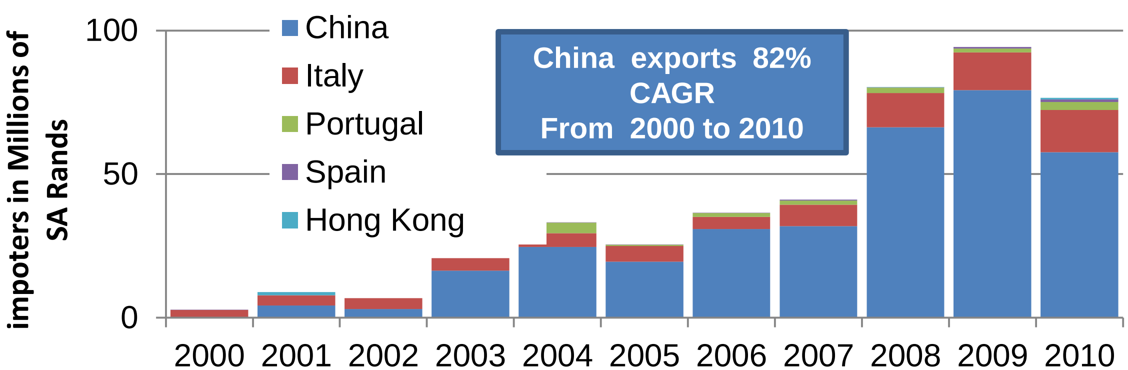
According to the World Processing Tomato Council, an international non-profit-making organisation for the tomato processing industry, the world processed an average of 33m tons per year of tomatoes in the three years ended 2006; SA (157,000t) and Senegal (70,000t) were the only sub-Saharan African countries which processed more than 15,000t/year in that period. alice@developtechnology.co.za.,2008.

Source: Euro monitor International, 2010

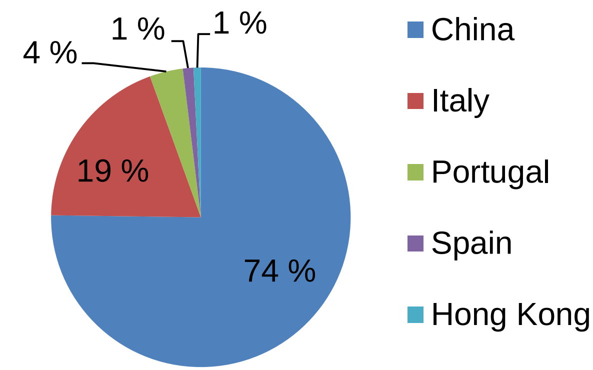
SOUTH AFRICA TOMATO INDUSTRY

Tomato paste trade

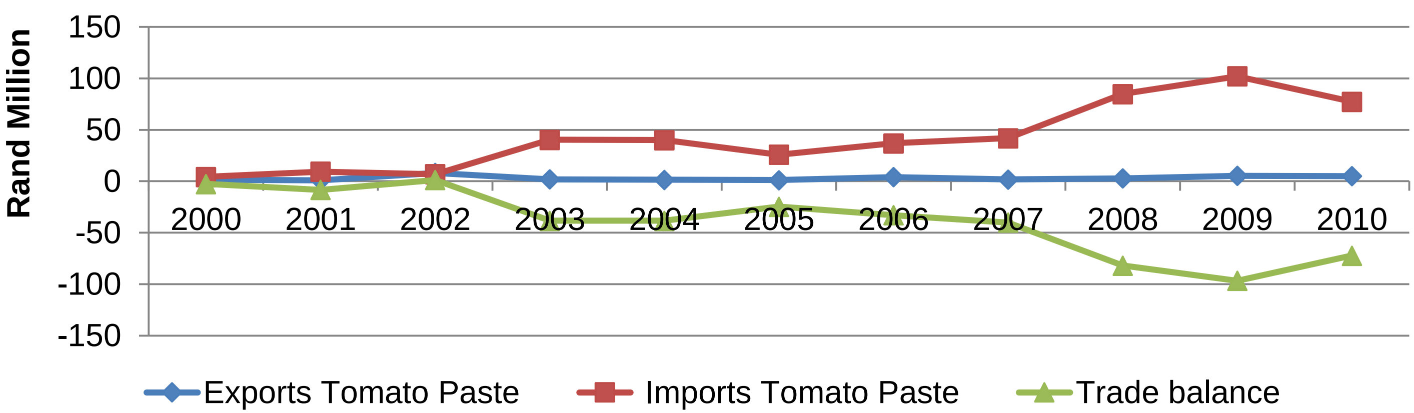
Tomato paste imports by South Africa



Markets South Africa imported from in 2010



Tomato paste trade balance



SA imports 30% CAGR From 2000 to 2010

SA exports - 35% CAGR From 2000 to 2010

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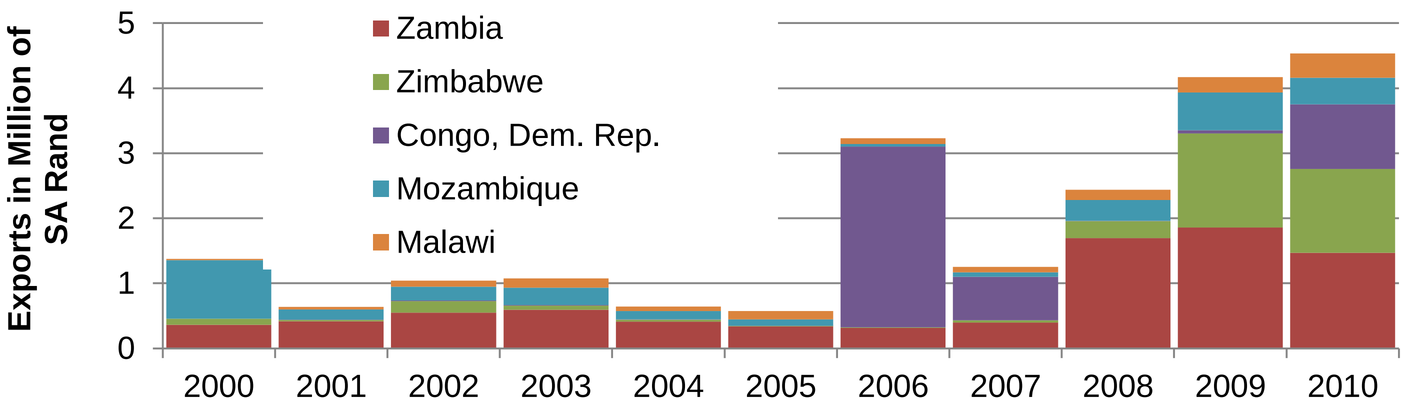
Source: WTA,2010

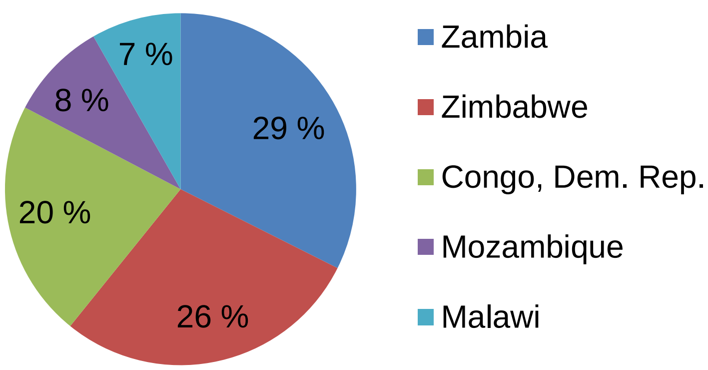
Tomato paste exports by South Africa



Zimbabwe imports 27% CAGR

Zambia imports 13.5% CAGR

Markets South Africa exported to in 2010



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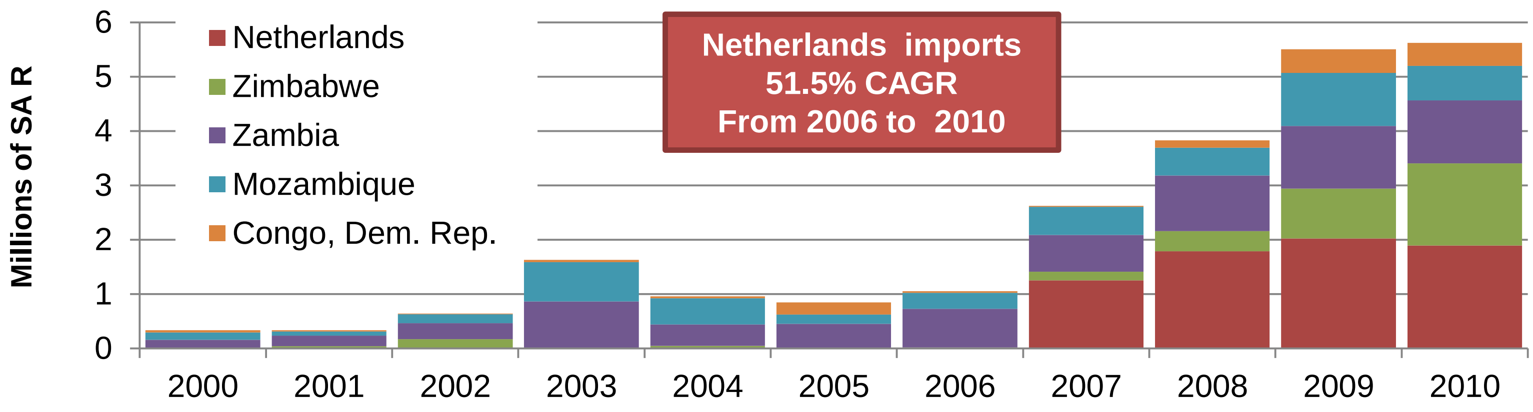
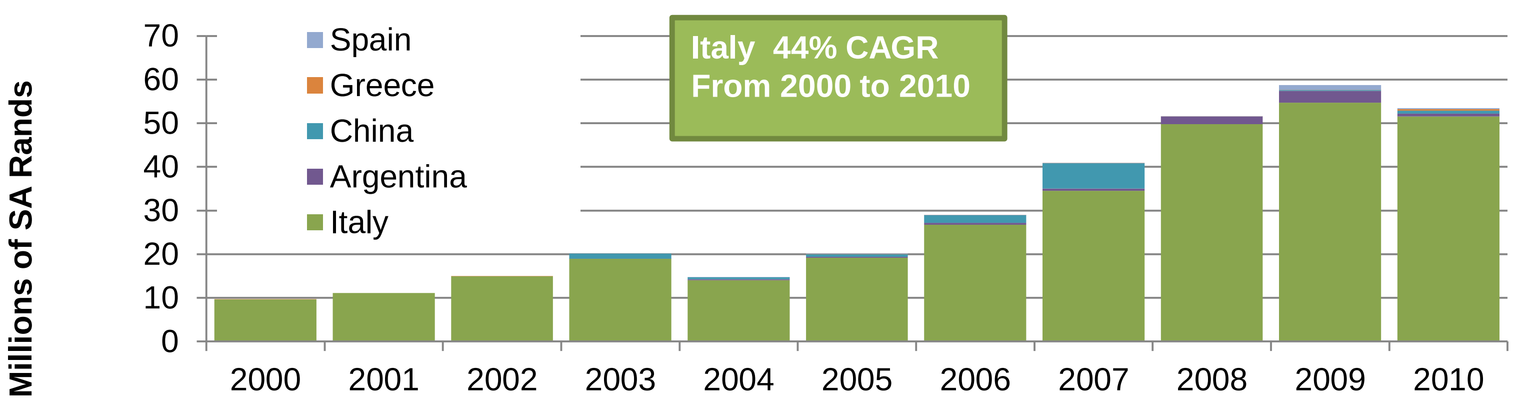
Source: WTA,2010

Tomato whole/pieces chilled

Tomato whole/piece exports by South Africa



Tomato whole/ pieces imports by South Africa



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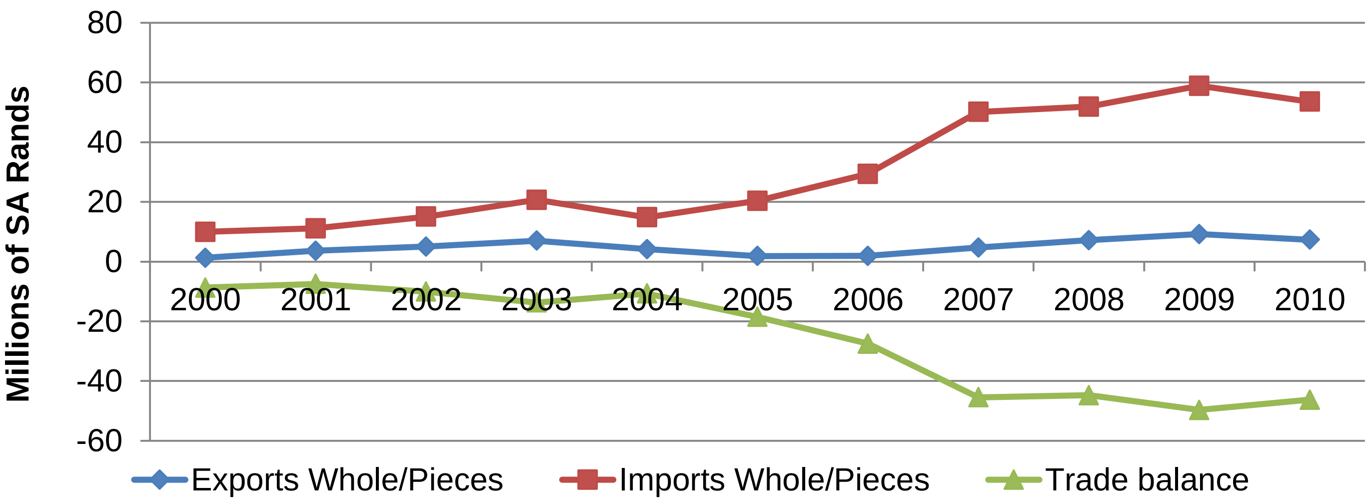
Source: WTA,2010

Tomato production | Tomato paste production | Tomato whole/pieces chilled trade
Tomato consumption | Tomato paste consumption
Tomato trade | Tomato paste trade

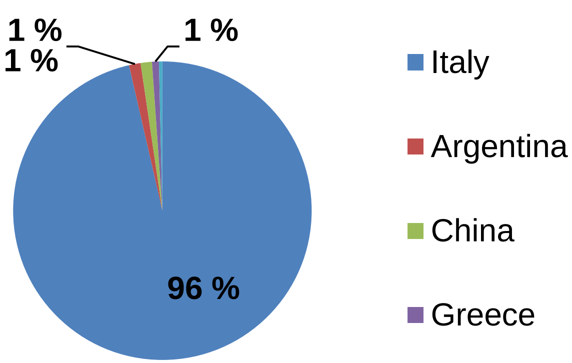
Tomato whole/pieces chilled trade balance



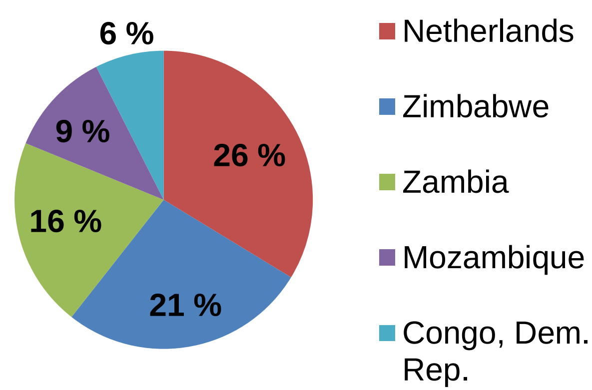
SA Imports 17% CAGR from 2000 to 2010

SA exports – 14% CAGR from 2000 to 2010

Markets South Africa imported in 2010



Markets South Africa exported in 2010



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Source: WTA,2010

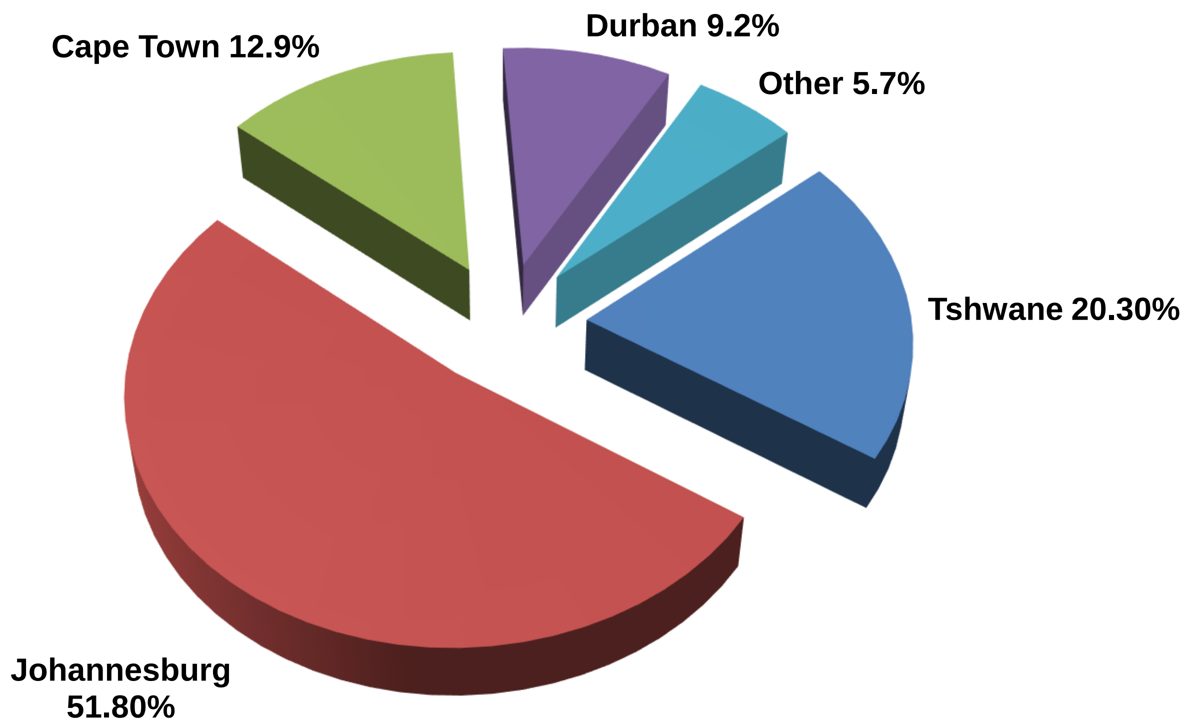
IN- DEPTH ANALYSIS OF THE SOUTH AFRICAN TOMATO INDUSTRY: PRICE FORMATION AND FUTURE SCENARIOS………….

Import and parity price of tomato paste

Import Parity Price		Tomato paste 3kg Tin with 28 -30% brix
Approx 1000 cases	20 FT container	4 containers /annum
Cost , Insurance & Freight (CIF)	$/case	
Exchange rate	(R8/ 1 US$)	8
Clearing Cost & Transportation cost From Durban to Gauteng	(5%)	
Prevailing Duties on Imports	30 %	
Total Cost of all the above	$/ case	28.35
The ZAR Amount	R/case	226.80

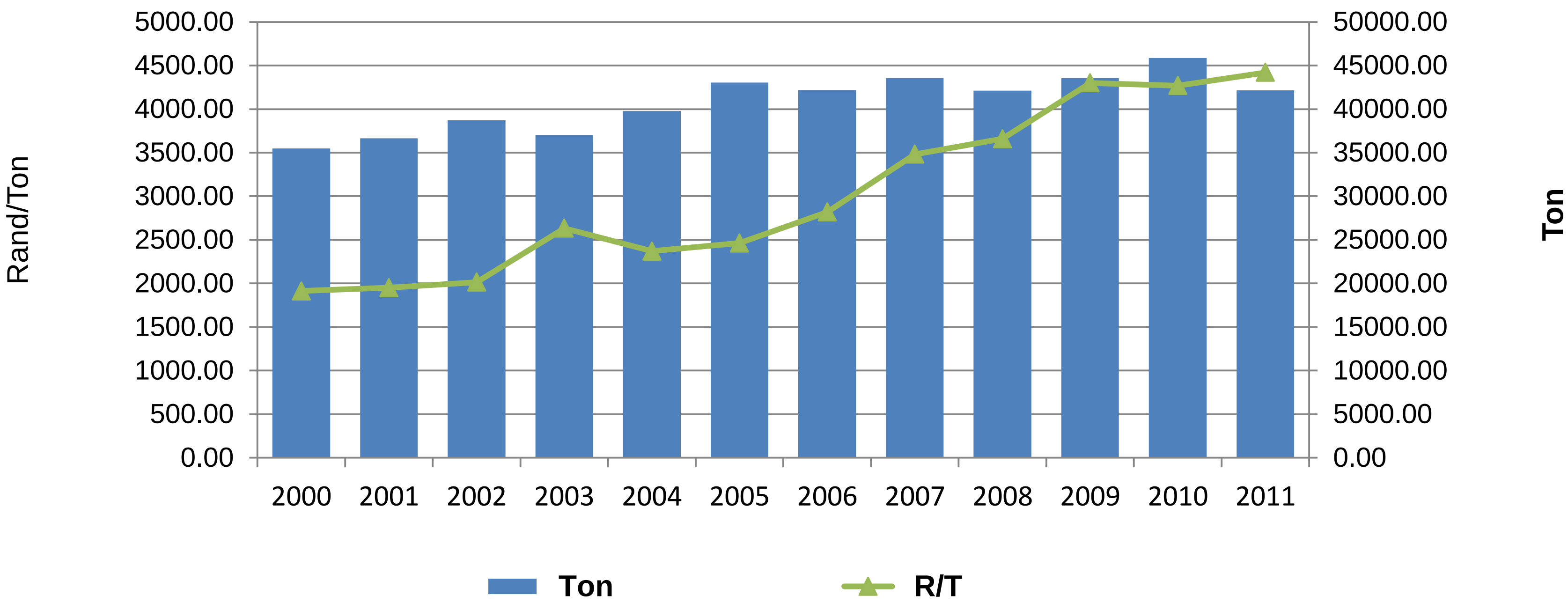
SOUTH AFRICA TOMATO INDUSTRY

% representation of fresh tomatoes sold in South Africa's Fresh produce market in 2010.



Source: ZZ2 & DAFF,2010

Volume of tomatoes sold and market price of tomato



- 2011 record the highest price of R 4421
- The quantity of tomatoes sold on the major NFPMs increased from 252.3 thousand tons in 2009 to 258.9 thousand tons in 2010.
- There was an increase of 1.4 % in the tomato price at the NFPMs.
- There was a steady increase in the prices of tomato from 2005 to 2010.
- In 2010 to 2011 price increased by 4% from R4269 to R4421.

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Source: DAFF, 2011

SOUTH AFRICA
TOMATO INDUSTRY

Processed Tomato products in SA

- The market is broken down into six key segments namely:
- Whole peeled
- Chopped peeled
- Pastes and concentrates
- Purees
- Value added tomatoes and tomato and onion mix
- According to Tiger brands, the largest of these segments is Tomato and onion mix.







South African Tomato paste factories

Company	Area	Tons Processed	Market share (%)
Rhodes Fruit Farms	Franschoek - Western Cape	1 000	0.5
Ashton Canning	Ashton - Western Cape	5000	2.5
Miami Canners	Polokwane - Limpopo	15000	7.4
Giant Foods	Venda - Limpopo	10 000	4.9
SAD	Nelspruit - Mpumalanga	20 000	9.8
Montina	Mooketsi - Limpopo	5 000	2.5
Indemex	Waterpoort - Limpopo	2 500	1.2
Tiger Brands	Lutzville, Musina & Duiwelskloof	145000	71
	Total	**203 500**	
Estimated Usage for Paste		**145,000**	
Estimated SA Paste Production		**24,650**	
Estimated Imports		**10,000**	

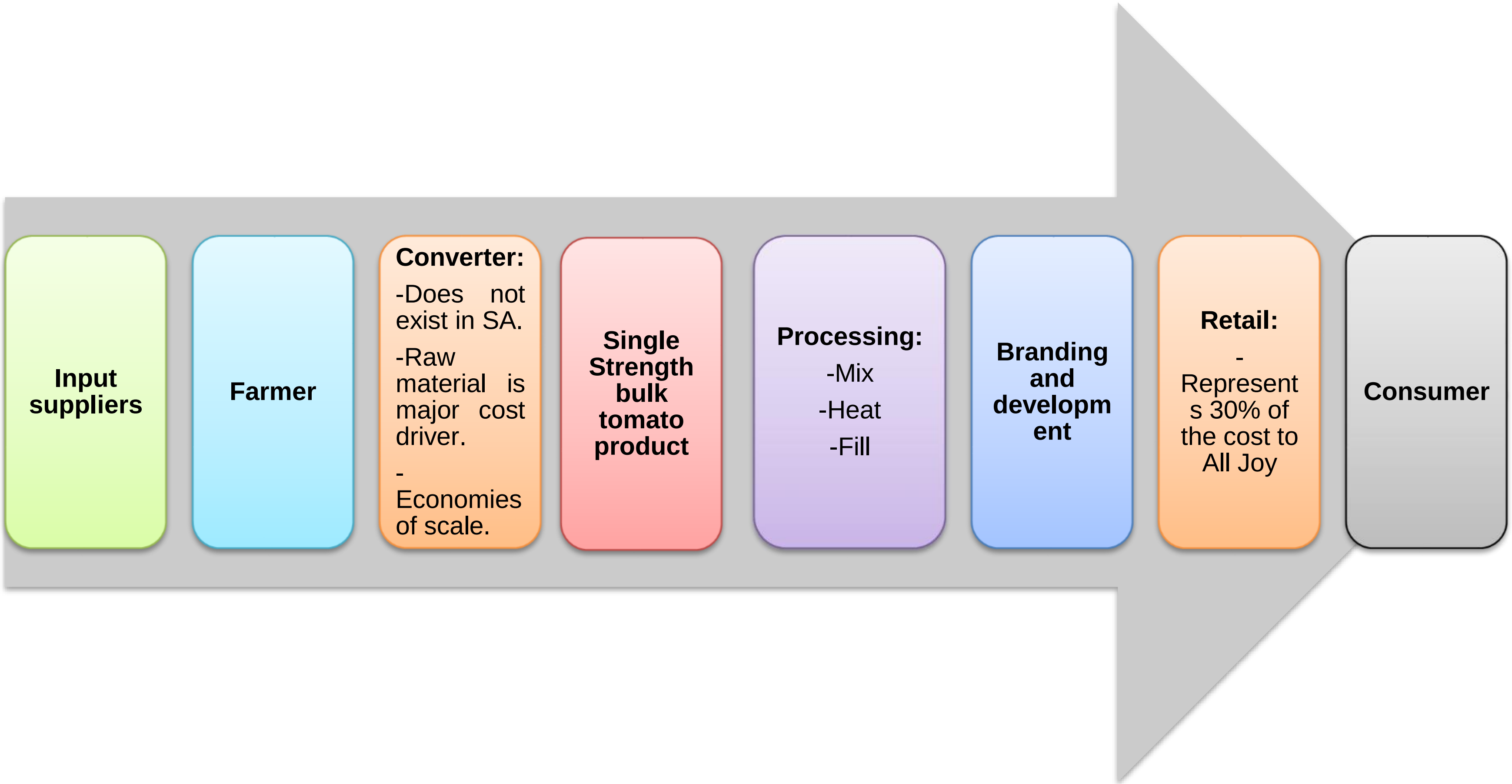
Source: ABSA Agribusiness Report May 2006

Contribution of tomatoes processors in SA

- Tiger Brands are the leading company in the sauces, dressings and condiments sector with a value share of 15% in 2008 and the company with the second largest value share of 22% in the canned/preserved food sector.
- The leading company in the canned/preserved product sector is the Oceana Group with a value share of 27%.
- Other food companies in the canned/preserved products sector all have a value share of below 6% and in total a value share of 39%.
- Private labels have a value share of 12%.

Source: *Euro monitor*, 2011

One the Processing system facility of Tomato paste in SA



Recommendation

This document only provides recommendations. These recommendations have to be explored in more detail within the ambit of this document, i.e. the potential of the tomato industry to grow in a financially feasible and sustainable manner provided a conducive environment exists.

The aforementioned can be achieved in a timely manner by leveraging the tacit knowledge and capacity the exists in both public and private sector.

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Recommended Action (s)

Item	Constraints	Recommended Action(s)
A	**In adequate supply of tomatoes (raw materials) for processing**	• Encourage the planting of tomatoes for processing by current smallholder. • Encourage partnership between small farmers and processing industries.
B	**Inadequate capacity of processing facilities**	• Investment in new processing facilities • Development of the single strength tomato processing sector.
C	**Market protection and support** • South Africa is not able to compete in the tomato paste market against countries such as the USA and China	• Duty customs on inputs of the tomato processing sector should be eliminated/reduced due to the fact that the sector imports most of its ingredients. • customs duties on finished products such as canned whole tomatoes (TH 20021080) and concentrates in powder form (TH 200290).should be increased if possible.

Inputs used in production

	Current situation	Current Capacity	Key players
Seed	- Sakata SA only has a breeding program for tomato seed, mostly hybrid seeds. -The seed bred in South Africa is exported to Brazil, Thailand and China for multiplication production within the Sakata group and then imported for the local market. - Seed production takes place in other countries due to climate and labour restrictions in SA. - The growing season of tomato seed begins in September to be delivered in May. -The availability of reliable labour for the labour intensive production process is the main reason production takes place in other countries.	According to SANSOR, during the 2010/11 report, 5 002 kilogram of tomato seed were sold on the local market and 9 993 kilogram was exported. Of this total 14 995kg seed, 1 418kg was hybrids and the majority of 13 577kg was open pollinated or non-hybrids. -All other seeds are imported from other Sakata groups and constitutes up to 92% of total seeds traded. - -Contracts for the delivery of these imported seeds as well as local produced for exports are signed for up to two years in advance. -The availability of the correct cultivar on the specified timeslot is very important as replacement cultivars and replacement sources are not available.	Sakata (before 1999 Mayford seed) Sonsor- Starke Ayres -Monsanto -Syngenta Seed SA -Hygrotech SA - Klein Karoo Seed - Nickerson-Zwaan SA - Johan van der Westhuizen & Sons
Inoculants			
Fertilizer	-Pot .Nitrate SG -LAN 28% -Urea (46) -MAP (33) + 0.5 % Zn		
Lime	-Dolomitic Lime		
Fungicide &	-Patron, Dithane M45,Kocide, Ridomil Gol Royral Rimit Score Bravo		