



Tomato Market Alert

December 23, 2019

Weather Induced Delays, The Suspension Agreement, and ToBRFV Inspections – Update

On the cusp of Winter programs beginning, 3 factors continue to influence the availability of fresh tomatoes affecting markets in the short term, with unknown certainty of markets in 2020.

The most immediate factors affecting markets currently are attributed to mother nature. Mexico farm production has been delayed by devastating rains at the end of November. During initial crop assessments, forecasts warned of increasing markets in the short term while Mexico farms dried out to resume operations. Since then the time table has adjusted by nearly double as Florida began reporting winter projections. The weather in Florida during October in some growing regions received triple digit temperatures affecting the fruit set portion of crops, reducing blooms near 50%. More recently in the east, Florida temperatures have dropped in the last 7-10 days where it has been raining since Friday. Fortunately, in the west, weather reports are favorable in Mexico, however the holiday harvest schedule is light in observance of Christmas this week. As Mexico dries out and continues to work past a variety of weather-related challenges, the shortage of tomatoes in Florida has pushed the new time table until the end of January before Markets return to regular winter pricing.

Another factor affecting supply of Tomatoes is the threat of the Tomato Brown Rugose Fruit Virus (ToBRFV) spreading to the U.S.. A Federal Order issued on November 15th called for the implementation of phytosanitary controls to capture and eradicate the threat of ToBRFV to American farmers. While ToBRFV does not affect humans or animals, it is an immediate threat to domestic farm production with the potential to decimate crops. The U.S. Department of Agriculture's Animal Plant Health Inspection Service (APHIS) and U.S. Customs and Boarder Protection have begun inspections of tomato and pepper seeds, plants, and fruit imports to prevent the introduction of ToBRFV to the United States. In recent weeks, it is unclear if the loads refused entry to the U.S. for ToBRFV have been refused for the ToBRFV virus specifically, or other water related disease challenges beginning to show in shipments. Crop exposure to high humidity and condensation face quality challenges at the stem end of tomatoes where moisture and bacteria can penetrate the calyx affecting the inner portion of the fruit. In the photos below, are a set of tomatoes harvested green that are showing signs of infection at the stem. Upon cutting the fruit, disease can be observed moving through the core of the tomato which will lead to further decay as sugar content increases, becoming an outward challenge as the tomato continues to ripen off the vine.





These types of weather-related events have lasting consequences often going undetected initially, manifesting internally throughout the growing cycle presenting decay as fruit matures post-harvest.

Lastly, in lieu of these U.S. Customs inspections, there is the newly signed Tomato Suspension Agreement. On November 22nd, The U.S. International Trade Commission (ITC) announced its findings in a unanimous 4-0 affirmative vote, determining that dumped tomatoes from Mexico threatened to injure the American tomato industry. Prior to the findings, a predetermined margin of 25.28% had been established should Mexico be found at fault. However, the newly agreed to Suspension agreement forgoes the issuance of a duty tax as long as the agreement remains in place. Under the new inspection and enforcement provisions of the agreement, tomatoes must make USDA Grade before entering the U.S. or the shipment will be returned to the grower at the grower's expense. Mexico's growers are now challenged with a Risk-Benefit analysis for each shipment to the U.S. which has never been the case before. In the short term, this new cost factor is a deterrent compared to the previous Suspension Agreement that allowed for free imports to the U.S.

Markets are expected to be elevated through January while demand exceeds supply. Mexico imports have started in a light way through Nogales, however western supply is not expected to rebound for at least several weeks. Florida is transitioning to new operations in the southern portion of the state where farms already faced with light harvests are experiencing colder temperatures and thunderstorms. Despite the shortage of tomatoes in the supply chain, Fresh-Link is working with our network of re-packers daily to maintain the integrity of our contractual commitments for our valued customers during these extreme markets. We will continue to monitor the development of these regulatory measures and do our best to inform our network of valuable information to help interpret the changing markets in the coming weeks. Please contact our office if we may be of any assistance.

- Aaron M. Aliotti

