

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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New Zealand Potato Sector Annual Update 2013

Report Categories:

Agricultural Situation

Potatoes and Potato Products

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Report Highlights:

Potato and potato product exports in 2012 were down 15% to 88,000 metric tons mostly as a result of competition from EU potato products being shipped to Southeast Asia (SEA) and Australia. It is hoped the new industry good structure, now in place, will re-invigorate the sector in the wake of the Tomato Potato Psyllid incursion.

General Overview of the NZ Potato Industry

Planted Area:

New Zealand Potatoes - Planted Area in Hectares								
2005	2006	2007	2008	2009	2010	2011	2012	2013 est.
10,850	..	10,050	..	11,398	..	10,724	10562	10,600

Source: Statistics New Zealand, .. – figures not available, PNZ

Production: Usually 500,000 to 550,000 metric tons (MT) per annum

Product Streams: Approx 33% of area grown goes to table potato production; 56% of the area grown is destined for processed products; and 11% of the area produces seed potatoes.

Main growing areas: Pukekohe, Hawkes Bay, Manawatu and Canterbury. Fresh potatoes can be harvested all year round. Most potatoes in Manawatu, Hawkes Bay & Canterbury are grown with irrigation.

Number of Growers: Approximately 220

Most common commercial varieties are: Russett Burbank, Innovator, Rua, Nadine, Agria, Moonlight, Desiree, Ilam Hardy, Red Rascal, Ranger Russet and Shepody.

Main Processors: Frozen processing is dominated by McCain Foods of Canada, which has a plant in Timaru (with a potential output of 140,000 MT), and Simplot/Mr Chips with plants in Auckland and Christchurch. The crisping industry is small in New Zealand, with four processing companies operating here: Bluebird, owned by PepsiCo-Frito Lay; ETA, owned by PEP of Australia; New Zealand company, Fresher Foods; and grower owned Heartland.

2011/12 Production Season

New Zealand Grown Potatoes Production & Demand Estimated 2012	
Description	metric tons
Total Volume to Merchant or Actually Processed	500,000
Processed for Domestic Consumption	250,000
Processed for Export	165,000
Retained for seed	5,000
Exported Fresh	30,000
Consumed Fresh Domestically	50,000
Total Usage	500,000

Source: PNZ, Post, GTA

For 2012 total production which made it to the processor door or merchant was closer to 500,000 MT which was substantially less than the 586,000 MT forecast for the 2011/2012 season a year ago. It is likely that while the growers achieved good yields in 2012 a lot of potatoes went to waste or to animal feed due to weaker demand from processors on account of greater export competition and lower world prices for processed potato products.

Yields per hectare have plateaued over the last decade, and this is a concern to growers and Potatoes New Zealand. It is likely that part of the new industry strategy, which has yet to be released, will focus on ways to enhance grower productivity.

2012/13 Production Season

It is expected that the total volume of potatoes harvested in 2013 will again be on the order of 500,000 MT. Although the growing season in the North Island was marred by a drought which lasted from late January to late March 2013, most growers have access to irrigation. Thus, it is unlikely that yields will be materially affected.

The control of tomato potato psyllid (TPP) continues to be a major management issue for growers. It is estimated that better chemicals and crop monitoring have reduced the cost of control to NZ\$500-700/ha from over \$1000/ha when the psyllid first appeared in 2006/07. This cost equates to 5% to 8% of farm gate returns per hectare which represents a significant bite into grower profitability. TPP is a pest that can cause crop loss on its own, but it can also carry the pathogens *Liberibacter* and *Phytoplasma*. *Liberibacter* infection causes Zebra chip symptoms in the tuber, which results in the produce being rejected for processing. The initial research and development program concerned with TPP drew to a close in 2012. There is a further three-year program now being run with Plant and Food Research, a Government owned Crown Research Institute, which will be completed in 2014. This program is developing Integrated Pest Management solutions and the use of soft chemicals, notably spraying oils. Go to: <http://potatonz.org/psyllid.html> for additional information.

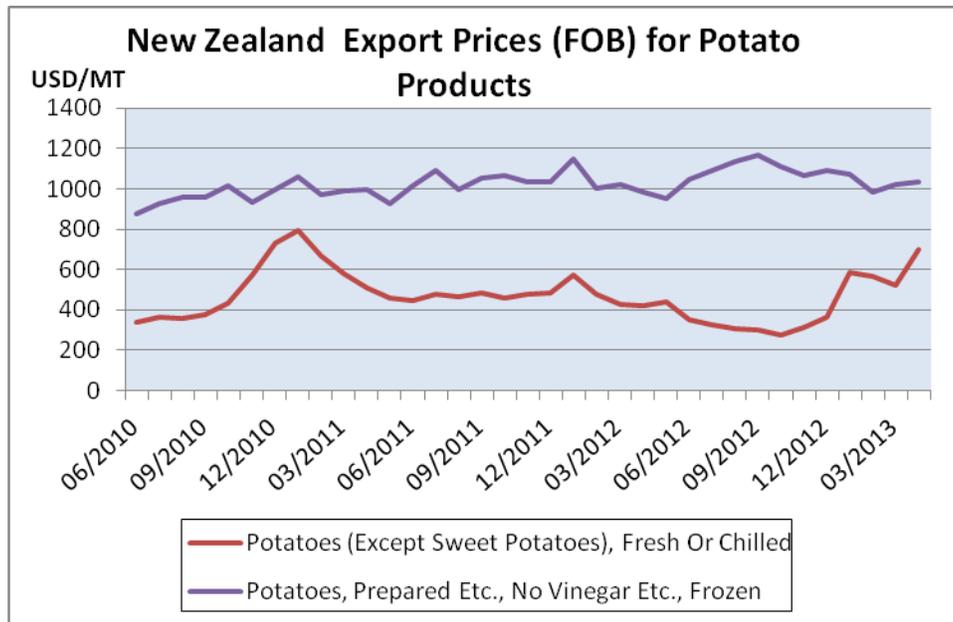
Trade Exports

New Zealand Potato and Potato Product Exports								
Destination Country	Quantity in Metric Tons for Calendar Year						% of Total in 2012	% change 11 to 12
	2007	2008	2009	2010	2011	2012		
Australia	48,170	48,908	44,962	40,556	51,647	40,571	46.2%	-21%
Fiji	20,587	18,041	19,359	18,996	18,238	22,614	25.7%	24%
Thailand	2,875	1,244	2,804	1,296	4,955	4,852	5.5%	-2%
French Polynesia	4,808	4,104	4,093	4,622	4,313	3,848	4.4%	-11%
Japan	4,515	2,835	3,882	4,011	4,526	3,681	4.2%	-19%
Papua New Guinea	1,806	1,886	2,242	2,912	3,454	2,186	2.5%	-37%
New Caledonia	1,569	2,599	2,013	1,856	3,098	1,688	1.9%	-46%
Samoa (Western)	1,329	1,367	1,611	1,453	1,324	1,594	1.8%	20%
Malaysia	5,849	3,908	6,945	9,739	3,016	1,358	1.5%	-55%
Philippines	1,338	1,311	2,550	2,359	1,633	1,139	1.3%	-30%
Singapore	1,326	1,147	5,449	5,467	832	908	1.0%	9%
Rest of the World	8,051	6,683	5,449	5,394	6,015	3,432	3.9%	-43%
World Total	102,223	94,031	101,357	98,660	103,050	87,875	100.0%	-15%

Source: Global Trade Atlas

New Zealand Potato and Potato Product Exports by Product Type									
Description	Quantity in Metric Tons for Calendar Year								% Change 2012/2011
	2005	2006	2007	2008	2009	2010	2011	2012	
Fresh, Frozen, par-cooked, preserved, Total	87,431	109,193	102,223	94,031	101,357	98,660	103,050	87,875	-14.7%
Potatoes (Except Sweet Potatoes), Fresh Or Chilled	27,167	27,346	25,576	25,666	29,393	30,245	29,973	30,397	1.4%
Potatoes Uncooked/Cooked By Boiling In Water, Frozen	516	99	33	161	179	114	688	501	-27.2%
Potatoes, Prepared Etc., No Vinegar Etc., Frozen	59,395	81,462	76,386	67,869	71,488	68,014	71,035	55,139	-22.4%
Potatoes, Prepared Etc. No Vinegar Etc, Not Frozen	352	285	229	335	297	287	1,354	1,839	35.8%

Source: Global Trade Atlas



Source: Global Trade Atlas

Imports

New Zealand Import Statistics							
Commodity: Potatoes all HS codes, Fresh, Frozen, par-cooked, preserved							
Calendar Year: 2010 - 2012							
Partner Country	Quantity in Metric Tons			% Share			% Change
	2010	2011	2012	2010	2011	2012	2012/2011
World Total	14,893	14,046	15,328	100.00	100.00	100.00	9.13
Australia	10,710	9,019	9,311	71.91	64.21	60.74	3.23
Belgium	1,453	1,349	2,876	9.75	9.60	18.76	113.23
United States	533	1,813	1,618	3.58	12.91	10.56	- 10.76
Canada	883	912	743	5.93	6.49	4.85	- 18.49
Netherlands	576	422	352	3.87	3.01	2.29	- 16.71
China	450	197	232	3.02	1.40	1.51	17.83
Malaysia	35	16	38	0.23	0.12	0.25	132.61
Germany	37	58	37	0.25	0.41	0.24	- 35.27
Mexico	31	31	31	0.21	0.22	0.20	- 0.27
Rest of World	186	229	90	1.25	1.63	0.59	-60.70

Source: Global Trade Atlas

New Zealand Import Statistics From World							
Commodity: Potatoes all HS codes, Fresh, Frozen, par-cooked, preserved							
Calendar Year: 2010 - 2012							
Description	Quantity			% Share			% Change
	2010	2011	2012	2010	2011	2012	2012/2011
Fresh, Frozen, par-cooked, preserved, Total	14,893	14,046	15,328	100	100	100	9.13
Potatoes, Prepared Etc., No Vinegar Etc., Frozen	13,509	12,161	13,946	90.7	86.58	90.98	14.67
Potatoes Uncooked/Cooked By Boiling In Water, Frozen	807	1,126	932	5.42	8.02	6.08	-17.23
Potatoes, Prepared Etc. No Vinegar Etc, Not Frozen	578	758	446	3.88	5.4	2.91	-41.16
Potatoes (Except Sweet Potatoes), Fresh Or Chilled	0	0	5	0	0	0.03	1032.14

Source: Global Trade Atlas

Comments on Markets, Market Access & Policy

Total exports of all categories of New Zealand (NZ) potato products were down by 15% to 87,875 metric tons in 2012. It appears that while processors had sufficient domestic supplies available for processing, the flood of cheap french fries from the EU into South East Asia, Australia, and even NZ meant it became uneconomic for the processors to manufacture additional product for export.

Australia remains the NZ potato sector's main export market, taking over 46% of the total volume of all potato products exported in 2012. Frozen french fries comprise 98% of the total volume and potato chips make up the other 2%. However the total volume of all products shipped to Australia after having leapt up 27% on a volume basis in 2011 fell back 21% in the 2012 year.

New Zealand continues to negotiate access to the Australian market for exports of fresh potatoes. These potato shipments would be imported under a special program, and directed to approved Australian processing facilities (as quarantine approved premises) for the manufacture of potato crisps and french fries, and for the secure disposal of wastes. While the Australian Department of Agriculture, Fisheries, & Forestry (DAFF) released a report, over a year ago, which recommended that fresh NZ potatoes could be imported into approved premises for processing subject to a set of phyto-sanitary conditions, very little progress has been made since then. At this stage the Government of Australia is waiting for a Senate report into the matter which was due in June 2013.

The Export Market Development Group, which is funded from approximately 12% of the commodity levy on potatoes, led a market appraisal tour to Malaysia and Singapore in August 2012. It was hoped

participants would get a better understanding of market opportunities for NZ potatoes in each of the two countries visited. Both markets had been identified by earlier market research work as having good potential for NZ potato exports, but these forecasts have not yet been fulfilled.

Sector Leadership and Policy

The appointed interim board of directors of Potatoes New Zealand recently authorized a major restructuring of the organization, so that it now represents not only growers but also merchants, processors, and exporters. At the end of July the new CEO for Potatoes NZ, Champak Mehta (a former Fonterra executive) will unveil the first draft of a strategy, which envisions a goal of doubling the New Zealand potato sector to \$1NZ billion by 2020. Elements of this strategy are likely to include: a focus on grower productivity starting with plant breeding and seed certification and testing; new market development and better export market information. The plan is also expected to emphasize creative new product development in the area of potato starch and protein perhaps from existing waste streams.

Potatoes New Zealand is funded from a commodity levy (similar to a check-off levy) which collects 85 cents per \$NZ 100 of sales of all potatoes. The levy is collected at the first point of sale whether seed potatoes, fresh for domestic use or export, or for processing. In addition, voluntary member organizations further down the value chain such as merchants, processors, and exporters pay a membership fee. Under the Commodity Levy Act, growers are required to pay the levy but they are also able to vote every five years on a referendum to change or abolish the levy entirely.

Additional Information

Potatoes NZ: <http://www.nzpotatoes.co.nz/>

Horticulture NZ: <http://www.hortnz.co.nz/>

Ministry of Foreign Affairs and Trade: <http://www.mfat.govt.nz/Trade-and-Economic-Relations/Trade-Relationships-and-Agreements/index.php>

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