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Netherlands

POTATO PRODUCTS ANNUAL

EU-27 Potato Products Annual

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Report Highlights:

FAS the Hague expects EU-27 exports of Frozen Potato Products for MY 09/10 to be somewhat up due to higher Benelux ware potato production in combination with stable regional consumption.

Commodities:

Author Defined:

This Potatoes & Potato Products report is an Annual Market & Competitor report. For the purpose of this report, the focus is on Benelux potato production and processing and on EU-27 exports of Frozen Potato Products (HS 200410). The EU-27 Frozen Potatoes exports (HS 071010) are not part of this report since they are not significant (only 7 thousand MT in CY 2008). Due to this focus, valuable contributions were made from the following Foreign Agricultural Service analysts:

Dietmar Achilles FAS/Berlin covering Germany

Tania DeBelder USEU/FAS Brussels covering EU policy

Roselyne Gauthier FAS/Paris covering France

Agata Kingsbury FAS/Warsaw covering Poland

Benelux Potato Production

Recently, the official preliminary figures for the 2009 potato harvest were released. Potato production in the Benelux is 6.9 million MT, up by 5% and the result of a steep increase of potato acreage, despite a somewhat lower yield. Also, the harvested area for ware potatoes in Belgium was for the first time higher than in the Netherlands [1] .

The production of ware potatoes in the Netherlands was about the same as in the previous two years. Belgium reported a reduction in yield (down by 5%) against a 16% increase in harvested area, the latter mainly due to lifting the old restriction forbidding holders of Single Farm Payments entitlements to cultivate potatoes. In addition, Belgian farmers are more and more switching from Bintje to other ware potato varieties that yield more and more suitable potatoes for the pre-fried potato products industry.

Table 1: Ware potato production in the Benelux, MT

	2007	2008	2009*
Belgium	3,333,155	2,975,116	3,297,934
The Netherlands	3,604,277	3,630,985	3,635,173
Total	6,937,432	6,606,101	6,933,107

Source: PCA Research Center Potato Production, CBS Bureau of Statistics, FAS the Hague

* Preliminary figures

The drought up until the 2nd half of November delayed harvesting in the Benelux and resulted in a high Dry Matter Content (DMC). The high DMC in combination with unfavorable harvest circumstances enhances the chance of blue discoloration and damaging of the potatoes. Growers fear that the quality of this year’s harvest is poorer than last year’s and therefore many have decided to deliver directly to processors. Due to that greater availability on the market, market prices have dropped tremendously. Also, the processing industry expects more kilograms of raw material will be needed to have one kilogram product weight of finished product.

Within the EU-27, Belgium and the Netherlands are the principal suppliers to the potato processing industry (mainly Frozen Potato Products). Other large potato producing nations like France, Germany, Poland and the UK not only have a much larger domestic stable consumer market, but their export focus is traditionally more on the fresh market.

Benelux Potato Processing

In 2008, Belgium processed almost 2.7 million MT of potatoes, yielding 1.3 million MT of product. The output of pre-fried potato products totaled 909 thousand MT (product weight). The industry expects the output for this year to be similar to last year's. The pre-fried potato products industry in both Belgium and the Netherlands is strongly focused on export markets.

Table 2: Belgian output of Potato Products, 1,000 MT

	CY 06	CY 07	CY 08	CY 09 *
Pre-fried products [2]	651	771	909	810
Other products	497	497	438	490
Total	1,148	1,268	1,347	1,300

Source: Belgapom Belgian potato trade and processing organization

* FAS the Hague estimates

In the Netherlands, this year's potato harvest is estimated to be 3.6 million MT. Of this quantity, between two-thirds and three-quarters is destined for the processing industry and the remaining will find its way to the fresh market.

In Marketing Year [3] 2008/2009 (MY 08/09), almost 2.3 million MT Dutch potatoes were used for further processing. In addition, almost 1.0 million MT potatoes were imported to fully utilize the processors' capacity. For this Marketing Year (MY 09/10), total output of potato product is expected to be slightly higher.

Table 3: Dutch output of Potato Products, 1,000 MT

	MY 06/07	MY 07/08	MY 08/09	Jul. – Oct. 08	Jul. – Oct. 09
Pre-fried products [4]	1,275	1,356	1,370	438	490
Other products	371	404	387	121	129
Total	1,646	1,760	1,757	559	619

Source: Product Board Arable Products

According to industry sources the processing capacity in North-Western Europe grew over the past decade from 11 to 14 million MT ware potatoes per year. The capacity in Belgium is expected to continue to grow and will soon outpace the capacity in the Netherlands.

EU-27 Frozen Potato Products Exports

The majority (85%) of the EU countries' frozen potato products exports is to other EU member states. Exports of frozen potato products to non-EU countries represent almost 15% and continue to grow. In 2008, Frozen Potato Products exports totaled 438,477 MT, up 5% compared to the previous year. Exports for this year also look promising as between January-July of this year, 7% more products were shipped compared to the same time period last year.

Table 4: EU-27 Exports of Frozen Potato Products in 2008, MT

	2006	2007	2008	Jan. – Jul. 2009
World	2,603,851	2,793,857	2,997,120	1,845,081
EU-27	2,194,476	2,385,977	2,558,643	1,561,756
Saudi Arabia	82,706	64,392	65,203	48,595
Russia	53,958	63,037	63,248	31,877
Brazil	31,695	35,703	33,756	25,967
Australia	8,166	11,329	30,851	13,129
UAE	20,108	23,516	20,837	10,913
Croatia	11,885	12,548	12,969	7,628
Kuwait	15,533	16,476	12,151	7,078
Malaysia	15,140	8,316	11,932	10,393

Ukraine	7,982	9,173	10,799	4,714
Japan	6,479	9,257	10,707	8,388
Other	155,723	154,133	166,024	114,643

Source: Global Trade Atlas

The main markets outside the EU-27 include Saudi Arabia, Russia, Brazil, Australia and the UAE, covering 50% of total exports. Exports to Latin American countries like Brazil, Chile, Trinidad & Tobago, Panama and Uruguay continue to grow, in most cases by double digits. Exports to other parts of the world, like Saudi Arabia, Japan and Australia, have also grown.

Within the EU-27, the Netherlands and Belgium are the leading exporters of Frozen Potato Products. Their exports in 2008 totaled 328,563 MT, or three quarters of total EU-27 exports. Benelux exports for this year are expected to increase further as between January-July of this year shipments were up by 5% compared to exports last year.

Table 5: EU-27 leading exporters and their main export markets, MT

	Exporter				
Export Markets	Netherlands	Belgium	Poland	Germany	France
Saudi Arabia	48,588	12,389	*	2,366	1,858
Russia	15,417	6,298	40,452	*	*
Brazil	7,262	20,252	*	6,240	*
Australia	17,109	7,298	*	6,405	*
UAE	13,212	4,772	*	2,744	*
Croatia	3,855	2,243	2,836	2,791	*
Kuwait	10,353	1,416	*	*	*
Malaysia	3,380	8,552	*	*	*
Ukraine	1,371	*	9,392	*	*
Japan	*	8,309	*	2,246	*
Others	76,391	60,096	9,721	6,387	1,866
Total Exports	196,938	131,625	62,401	29,179	3,724

Source: Global Trade Atlas

* Exports lower than 1,000 MT were not mentioned

In addition to the Benelux countries, Poland, Germany and France are active on the export market, exporting respectively 62,401 MT, 29,179 MT and 3,724 MT. Due to its location and tradition, Poland is the leading supplier within the EU-27 to Russia. Other important markets for Poland for that same reason include Ukraine, Croatia, Serbia and Belarus. Almost half of Germany’s exports end up in Australia and Brazil while Saudi Arabia is the leading trading partner for France.

EU-27 Frozen Potato Products Export Outlook

Export opportunities are in the first place being determined by developments on the demand side, mainly by the fast food industry. The financial crisis, food safety issues and discussions on carbon footprint, etc. will have an overall effect on demand as well.

FAS The Hague expects EU-27 exports of Frozen Potato Products for MY 09/10 to be somewhat up. Belgium’s production is up and its processing capacity is expanding; therefore FAS The Hague expects Belgium to play a bigger role in EU-27 export markets in the coming years. Dutch production of ware potatoes is expected to be stable in the near future so it will most likely maintain its position in international markets. Finally, export opportunities will depend on local availability and competitors’ presence in the targeted export markets.

Previous reports from FAS/The Hague on this subject can be found on http://www.fas.usda.gov/scriptsw/attacherep/default.asp. Below you will find a selection of related reports from FAS The Hague and other FAS Posts.

Report Number	Report Title	Date Released
NL9035	Potato Products Annual	12/04/2009
JP9072	Potato Products Annual	11/17/2009
CA9057	Potato Products Annual	10/30/2009
NL8002	Potato Products Annual	01/23/2008

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Appendix I

Netherlands	Year	Harvested Acreage (Ha)	Yield Kg/Ha	Total Production/MT
Ware Potatoes	2005	65,632	49,000	3,213,019
	2006	69,110	44,500	3,076,946
	2007	72,245	49,900	3,604,277
	2008*	69,302	52,400	3,630,985
	2009**	70,237	51,500	3,635,173

Source: CBS Bureau of Statistics, FAS the Hague
*revised figures
**Preliminary figures

Belgium	Year	Harvested Acreage (Ha)	Yield Kg/Ha	Total Production/MT
Ware Potatoes	2005	62,501	46,100	2,879,568
	2006	64,685	42,200	2,727,737
	2007	65,402	51,000	3,333,155
	2008*	61,450	48,400	2,975,116
	2009**	71,415	46,200	3,297,934

Source: PCA Research Center Potato Production, FAS the Hague
*revised figures
**Preliminary figures

[1] See Appendix I

[2] Mainly fries

[3] Marketing years run from July until June

[4] Mainly fries