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Potatoes and Potato Products Annual

EU exports of frozen potato products are expected to be down

Approved By:
Susan Phillips

Prepared By:
Marcel Pinckaers

Report Highlights:
This year's production of ware potatoes is expected to be 5 percent lower than the five-year average and down by 15 percent compared to last year, due mainly to lower yields. As a result, EU exports of frozen potato products for MY15/16 are expected to decrease compared to last year. Export opportunities for EU frozen potato products continue to be found in the Middle East, Russia, Latin America and South East Asia. The U.S. and the EU compete heavily in markets like the Philippines, Australia, China, and Malaysia.

Commodities:

Potato Products, Frozen

This Potatoes & Potato Products report is an Annual report. For the purpose of this report, the focus is on EU exports of Frozen Potato Products (HS 200410). Valuable contributions were made from the following Foreign Agricultural Service analysts:

Tania DeBelder	USEU/FAS Brussels covering EU policy and Belgium
Mira Kobuszynska	FAS/Warsaw covering Poland
Marcel Pinckaers	FAS/The Hague covering the Netherlands
Leif Rehder	FAS/Berlin covering Germany

EU Production of Ware Potatoes

The production of ware potatoes in Belgium, France, Germany, the Netherlands and Poland will be discussed in this section since these five countries dominate EU exports of frozen potato products. This year, their combined production is forecasted at 22.6 million tons. Down by almost 4 million tons, or 15 percent compared to the abundant production last year. This year's production will be 5 percent lower than the five-year average (see Table 1).

Although the acreage decreased by roughly 4 percent, the decline in this year's production is mainly the result of lower yields per hectare in these countries. Due to unfavorable weather conditions throughout the growing season (especially the warm and dry summer) it is expected there will be fewer potatoes per plant; however, the size of the potato is expected to be average. In some areas, growers are delaying harvesting in order to have a higher yield. Weather conditions determine harvest times. The harvested potatoes are reportedly of average quality.

Table 1: Ware potato production in selected EU Member States, million tons

	MY10/11	MY11/12	MY12/13	*MY13/14	*MY14/15	**MY15/16
Belgium	3.6	4.2	2.9	3.7	4.5	3.8
France	5.0	5.7	4.7	5.2	6.1	5.2
Germany	6.7	7.5	7.1	6.4	7.7	6.5
Netherlands	4.5	3.9	3.4	3.5	4.0	3.6
Poland	3.6	3.9	4.2	3.9	4.2	3.5
Total	23.4	25.2	22.3	22.7	26.5	22.6

Source: FAS European Posts and North-Western European Potato Growers Foundation
* Revised figures
** FAS European Posts' Estimate

EU Exports of Frozen Potato Products and Outlook

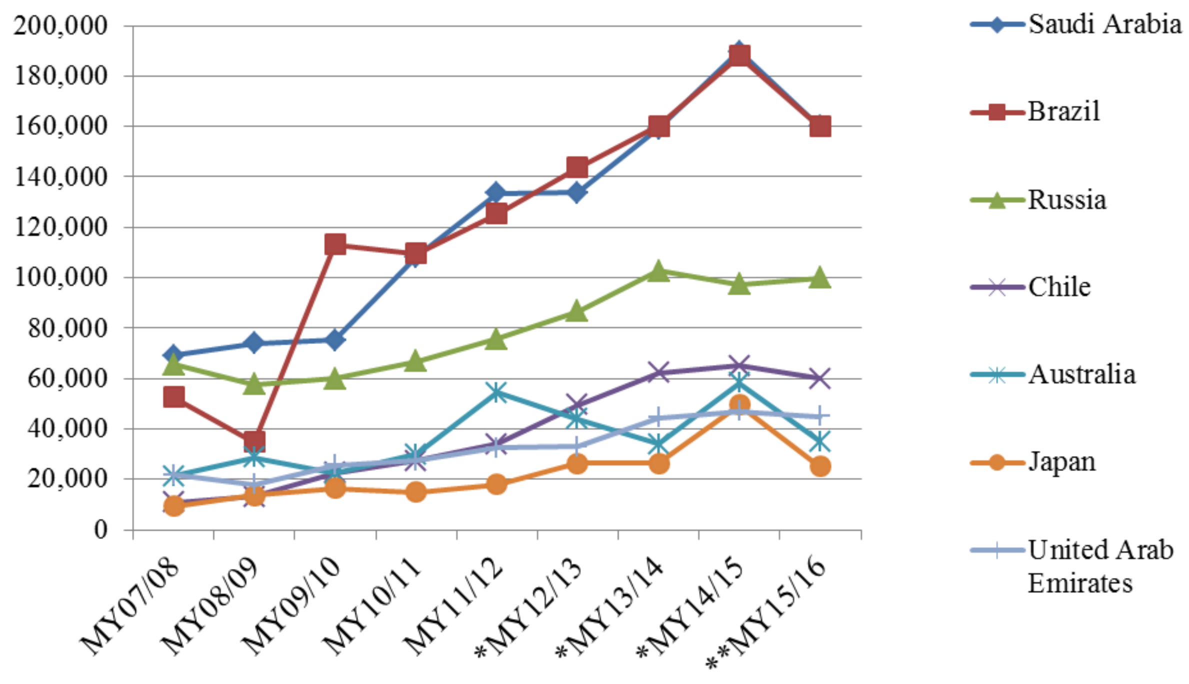
It is expected that the availability of frozen potato products will be similar to two years ago. Export opportunities for EU frozen potato products are determined by two factors: 1) competition with frozen potato products from the United States and Canada and 2) developments on the demand side. Since the quality of frozen potato products is similar in the EU and North America, it is the exchange rate that is the determining factor. The Euro is slowly getting stronger since March 2015 and, if this trend continues, it could have a negative impact on EU exports. The growing per capita consumption of frozen potato products, through the increasing development of the fast food industry in emerging markets, is the leading factor determining demand.

Despite the fact that trade in frozen potato products is still dominated by trade between the EU member states, exports to third markets grew by double digits and represented 30 percent of total exports. EU exports of frozen potato products to these third country markets have tripled in the past five years reaching 1.3 million tons in MY14/15.

The Netherlands is the EU's leading exporter of frozen potato products, followed closely by Belgium. In MY14/15, exports from the Netherlands to third country markets totaled almost 550,000 tons, up 22 percent, while Belgium's exports totaled almost 478,000 tons, up 30 percent. Together, the Netherlands and Belgium are responsible for over 80 percent of total EU exports. Saudi Arabia and Brazil continue to be their number one and two leading export markets.

Poland, France and Germany are also active in third country markets, exporting respectively 92,000 tons, 76,000 tons and 62,000 tons in MY14/15. Polish exports are mainly driven by demand from its leading market Russia. Due to its geographical location, Poland is additionally an important supplier to the fast food industry in the Ukraine, Kazakhstan and Belarus.

Figure 1: Development of EU exports to top 10 markets, in tons



Source: Global Trade Atlas
* Revised figures
** FAS/The Hague Forecast

Exports to Saudi Arabia and Brazil represent 30 percent of all EU exports. Exports to Russia, Chile, Australia and Japan represent another 20 percent of total EU exports.

EU Policy
There have been no changes on the EU policy since last year's report which can be found at http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Potatoes%20and%20Potato%20Products%20Annual_The%20Hague_EU-28_9-29-2014.pdf.

For more information, please contact:
Marcel Pinckaers
USDA FAS/The Hague

Lange Voorhout 102, 2514 EJ The Hague, Netherlands
Phone: +31-70-310-2305
E-mail: PinckaersM@state.gov
Website: http://thehague.usembassy.gov/fas.html and www.fas.usda.gov