Euro-Potato
Potato Council business report for Northern Europe
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The following articles update on:

- The North-Western European market and recent processing sector values.
- The latest 2014 NEPG crop position including updated area, yield and production figures.
- The first NEPG stocks figures for this season and storage conditions.
- The latest Polish market situation.

LATEST POSITION ACROSS NORTH-WESTERN EUROPE

The total ware (excluding seed and starch) harvest in the five NEPG countries (GB, Belgium, France, Germany and the Netherlands) is estimated at 28.6 million tonnes. This is a revision of more than 1.5 million tonnes up from the previous September estimate. The increase in production is due to a larger planted area this season (549,000ha) and extremely favourable growing conditions across many of the NEPG countries. The average NEPG net yield is estimated at above 50t/ha for the first season on record.

The largest year-on-year increases in production are in Germany (up 2 million tonnes to 8.9 million tonnes) and Belgium (up 0.9 million tonnes to 4.6 million tonnes). Yields in all NEPG countries are estimated at record highs. GB 2014 ware production has been estimated above 5 million tonnes for the first time since 2011, from a net yield of 49 t/ha. GB increases in production have been limited compared to other North-western European countries, however, with it being the only NEPG country in which the planted area decreased from 2013.

These trends have also been reflected elsewhere in Europe, with Polish yields at record highs and a 20% increase in Italian production reported from last year.

Specifically in the NEPG countries, there has already been considerable volumes moving into the processing market this season. In Germany the starch factories used large quantities in August and September, before their own starch potatoes became available. There has also been considerable movement of potatoes into other uses such as stockfeed and energy production, while experts anticipate exports from mainland Europe to be strong this year also, notwithstanding currency movements.

There have been a number of reports of quality issues in stores, which has raised questions of the suitability of some crops for long-term storage. As such, some growers have been moving crops into alternative markets rather than incur storage costs. In the short term, this is putting some additional pressure on the market, but there may be some easing once these quantities have moved through the market. However, large quantities still remain to be moved. See our analysis of the first NEPG stocks reports on page 3 for more details.

Eastern Europe, especially Poland, emerged as a major market for NEPG potato exports last season due to poor production there. Last season, Poland became the third largest market for UK fresh potato exports after Spain and Ireland. In our focus on Poland on page 2, we examine what the latest data on the domestic markets there suggest about the supply and demand balance, and the opportunities we can expect the region to offer for NEPG markets this season.

Market update:
The NEPG processing pricing series has remained relatively stable over the past few months, albeit at the low levels that are coming to define this season. Markets are generally being described as calm, with the strong supply situation continuing to weigh on the market.

Because of the level of free-buy supplies available, buyers across the NEPG are able to be especially selective regarding quality. Free-buy demand continues to focus on supplementing contracted or committed supplies.

Table 1: NEPG 2014 crop price comparison in £ per tonne	10 Oct	17 Oct	24 Oct	31 Oct	7 Nov	14 Nov	21 Nov	28 Nov	5 Dec	12 Dec
Belgium (2014 crop, Bintje. Source Fiwap)	8-12	8-12	12	12	12	12	12	12	8-12	8-12
Belgium (2014 crop, Bintje. Source Belgapom)	12	12	12	12	12	12	12	12	10	10
France (2014 crop, Bintje. Source RNM)	12	12	12	12	12	12	12	12	10	10
Germany (2014 crop, processing. Source REKA)	20	20	20	20	20	16	16	16	16	16
Netherlands (2014 crop, processing. Source VTA)	Nq	Nq	Nq	Nq	Nq	Nq	Nq	20-40	20-39	20-40
Great Britain (2014 crop, Weekly Free-Buy price)	89.99	89.39	87.54	84.20	78.86	83.46	83.30	79.44	83.69	83.64

Nq No quote provided.

Exports to non-EU countries from Belgium and the Netherlands have been reported to be strong, especially to African destinations. Maintaining export levels will be important for keeping supplies moving, with potential exports to Russia seen as playing a significant role in how the season will develop.

Storage quality issues have also been raised in many countries, especially given the above-average temperatures through much of the autumn, putting pressure on some growers to move supplies. However, comments suggest that problems with storage quality are beginning to subside both in GB and abroad, with cooler weather also drawing in, which could help to relieve some pressure to move supplies.

In Belgium, less than ideal storage conditions have also impacted fry qualities, with test results showing mixed conditions across samples. It is also reported that dry matter contents are very variable. These results are very similar to conditions at this point in 2011.

Low prices have stimulated some demand, with the latest processing data for the Netherlands (NAO) and France (GIPT) suggesting that processors are operating at slightly higher rate than last season based on total volume of potatoes processed. Dutch processors used 1.23 million tonnes and French processors 0.37 million tonnes between July and October 2014, compared to 1.19 and 0.34 million tonnes respectively in the same period last year.

With the winter progressing, consumption is becoming a key factor in markets. The latest consumption data showed a 9% year-on-year fall in German retail purchases of fresh potatoes in October, while retail purchases in France for the period 6 October to 2 November fell less sharply, by 1.4% on the year. This was possibly connected with the milder weather in the month, but with temperatures since becoming closer to average, more recent data will be interesting to view.

POLAND IN FOCUS

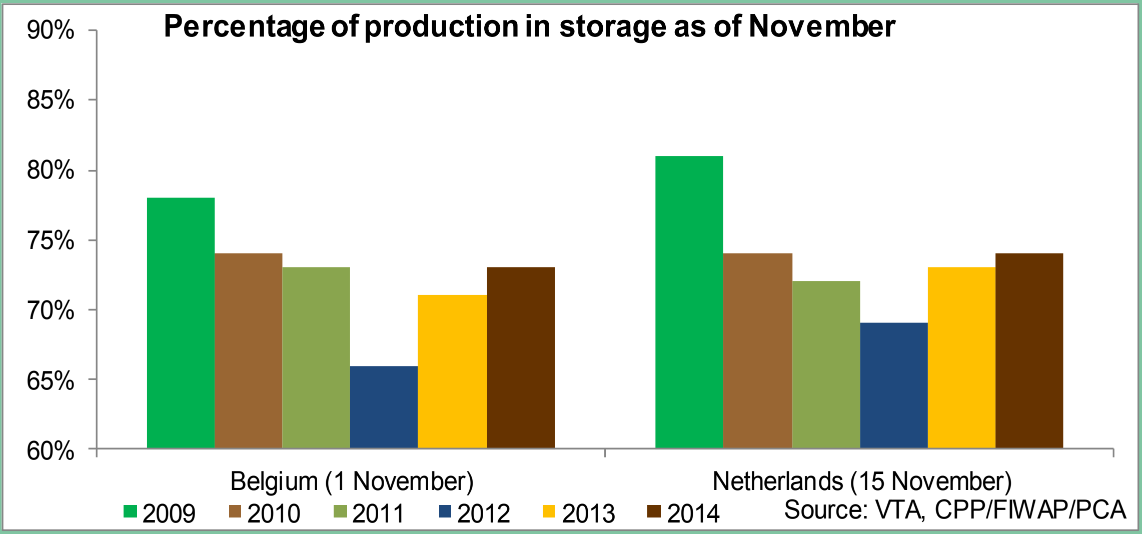
As one of the largest European potato producing countries, Poland can have substantial effects on the UK market both directly and indirectly. Poland became the third largest destination for UK fresh potato exports last season, with UK fresh exports to there at their highest level since the 2010/11 season at 16,000t. This was on the back of a 19% year-on-year drop in Polish production, which drove up domestic prices and made it an attractive destination for North-Western European potato exports.

The latest estimates from IERIGZ (Institute of Agricultural and Food Economics) suggest that total Polish potato production in 2014/15 rebounded only slightly to 7.7 million tonnes from 7.3 million tonnes in 2013/14, despite record yields of 27.9 t/ha. Area is estimated to have fallen over 20% year-on-year, despite the strong domestic prices in the country last season, from 346,000ha to 276,000ha.

Balance sheet forecasts by the IERIGZ suggest that total Polish imports for the season will remain above 2012/13 levels, despite being forecast to fall 39% year-on-year to 120,000 tonnes. Furthermore, Polish off-farm usage (human consumption and industrial) is forecast in the balance sheet to be stronger than last year at 4.1 million tonnes, which is also above the levels in each of the past six seasons with the exception of 2012/13. Of this, forecast processing potato usage is at its highest level in at least six years. Even if Poland recedes as a major UK export market this season, this should still support opportunities for supplies from NEPG countries in Poland, in turn potentially helping relieve pressure on UK markets.

LATEST NEPG STOCK SITUATION

The first Potato Council GB grower held stocks survey of the 2014/15 season is currently being carried out, with results due in the New Year once sufficient data is received. Meanwhile, the VTA and CPP/FIWAP/PCA have published November stocks figures for the Netherlands and Belgium respectively. Given the size of the harvest in the NEPG this year, the first stock releases of the season are particularly important for indicating how the market might evolve this season.



Looking at stocks as a percentage of production (excluding seed and starch) in order to smooth out variations, a greater proportion of Belgian and Dutch production remained in stock by November this year than last season. However, the percentage in stock in these countries is a long way below the level they were in 2009, when over 80% of Dutch production was still in store compared with 74% now. Although prices have been at a similar low level this year as they were for the 2009 crop, there has been a greater rate of usage by this point this season, suggesting that pressure on the market later in the season may not be as heavy as in 2009/10.

Belgian producers moved over 1.2 million tonnes up to 1 November, the highest level for at least 10 years, with storage issues cited as helping explain the large quantity sold so far. Nonetheless, the stocks figures suggest that with such strong production levels, these issues have not been enough to deplete stocks to a larger extent than usual, suggesting similar pressure may remain in the market as has been seen so far.

Although the data released so far suggests that pressure will remain on prices, GB and French stocks data, when released, will help the implications for the GB market to become clearer.

NEW… Updated GB 2014/15 production estimate

The Potato Council's updated estimate of total potato production in Great Britain for the 2014 crop year released on 17 December is 5.74 million tonnes. This is up approximately 30,000 tonnes on the previous estimate following a concerted effort to collect additional yield information from growers before Christmas. The 2014 estimate is nearly 3% higher than the 2013 estimate of 5.58 million tonnes. 2014 average yields for GB are estimated at 47.4 tonnes/ha while planted area is estimated at 121,100 ha. For the complete release, please visit:
http://www.potato.org.uk/publications/ahdbpotato-council-updated-estimate-total-gb-potato-production-2014

AHDB Market Intelligence contacts:

Arthur Marshall
Arthur.marshall@ahdb.org.uk
0247 647 8956

Sara Maslowski
Sara.maslowski@ahdb.org.uk
0247 647 8953

Hannah Goodwin
Hannah.goodwin@ahdb.org.uk
0247 647 8840