

The following articles update on:

- the GB potato market, including supply and demand analysis and the latest HMR&C trade data
- the latest stocks positions, planting progresses and market prices in the NEPG (North-Western European Potato Growers) countries.

GB potato market update

2012 has come to be regarded as an exceptional crop year. Although March was the driest and warmest since the 1950s, from April onwards there was a change into unseasonably cold, dull and wet weather. The summer which followed presented difficult and challenging conditions which were felt right across GB and continued through and beyond harvest. At one point in that time, field work was described as 'a slow and tedious struggle against the elements.'

Consequently, the updated provisional GB production estimate, released in December 2012, at 4.64m tonnes, showed a drop in production of 24% compared with last season, reflective of a 5% drop in area and 20% drop in average net yield (Table 1). The 2012 supply situation was reported to be at its lowest level since the major drought year of 1976 – a year when production was 4.42m tonnes and net yields were 22t/ha.

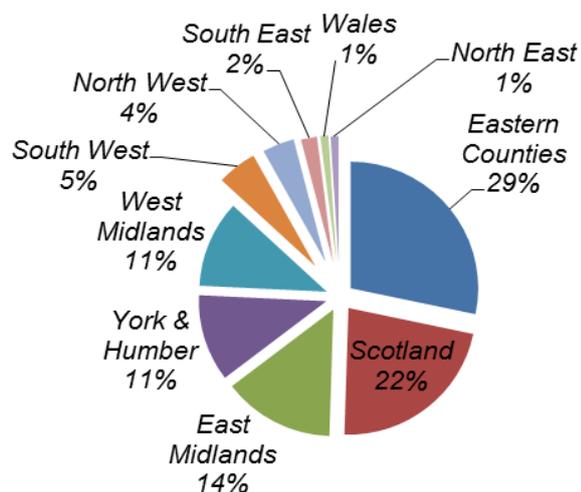
Table 1: Total potato production in GB 2008-2012

		2008	2009	2010	2011	2012
Total Potato Plantings	000 ha	130	130	127	128	122
Average Net Yield	t/ha	46	48	46	47	38
Total Production	Mt	5.95	6.19	5.85	6.09	4.64
Percentage change on previous year	Area	-0%	+0%	-3%	+1%	-5%
	Production	+10%	+4%	-6%	+4%	-24%
	Net yield	+10%	+4%	-3%	+3%	-20%

Results of the Grower Panel suggest that the fall in production has been felt by all market sectors in a fairly consistent fashion. It is important to note that when considering these figures that potatoes grown for one market sector may be sold into another market sector. An example of this is M Piper that can be used by multiple markets.

When viewing the regional production figures it is also clear that there is variability in terms of the fall in production from last year. Five regions traditionally produce the largest tonnage of potatoes in GB (see Figure 1), these are; the Eastern Counties, Scotland, East Midlands, York & Humber and West Midlands. When combined, these regions account for over 80% of GB production. Interestingly, a number of these regions fared relatively better than other GB producing regions, with only one of them featuring in the

Figure 1: Percentage contribution to 2012 GB production

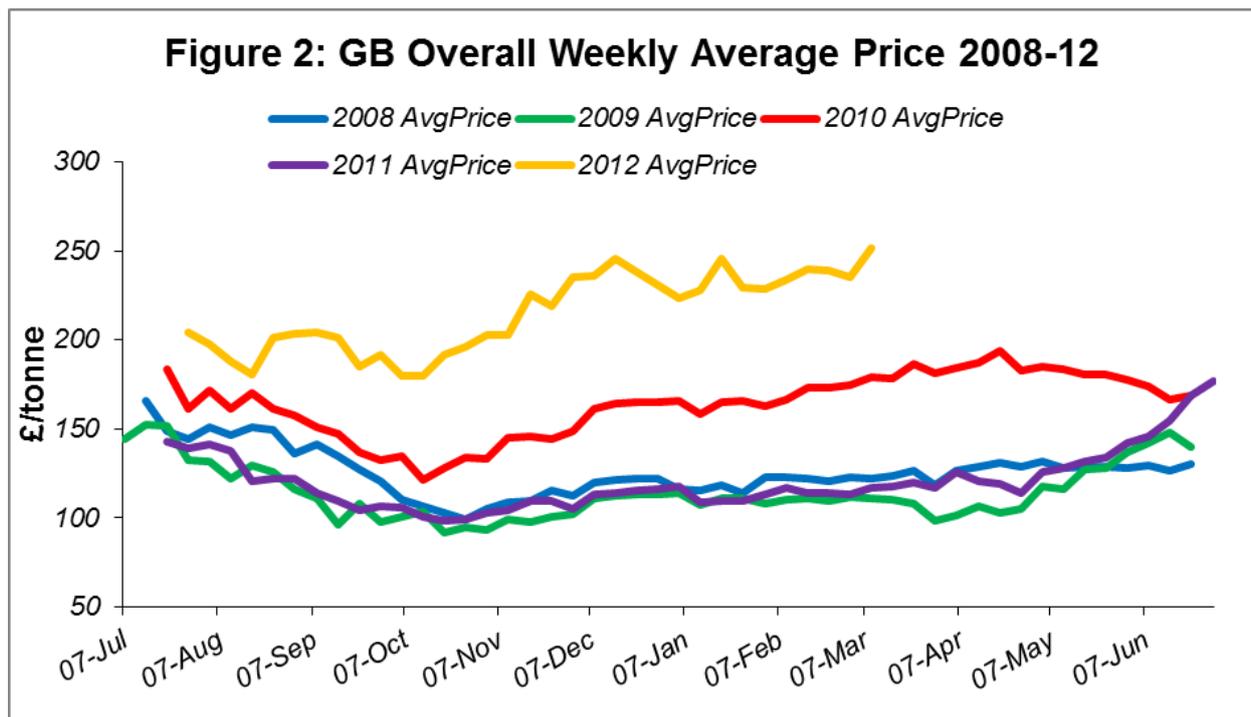


list of the five regions which have seen the largest fall in production in 2012.

Price volatility

The price volatility which we have seen in 2012, partly in response to the tightness of supply, has been extreme. In a typical season, from July through to the end of October, we would see a decline in ex-farm prices – as supply increases off the field – before stabilisation and then a gradual increase in the price of crops from store.

However, in 2012 the trend of price decline, stabilisation and then gradual rise appeared to have taken place over a much shorter period of time. To date, prices continue to reach unprecedented levels, as shown in Figure 2.



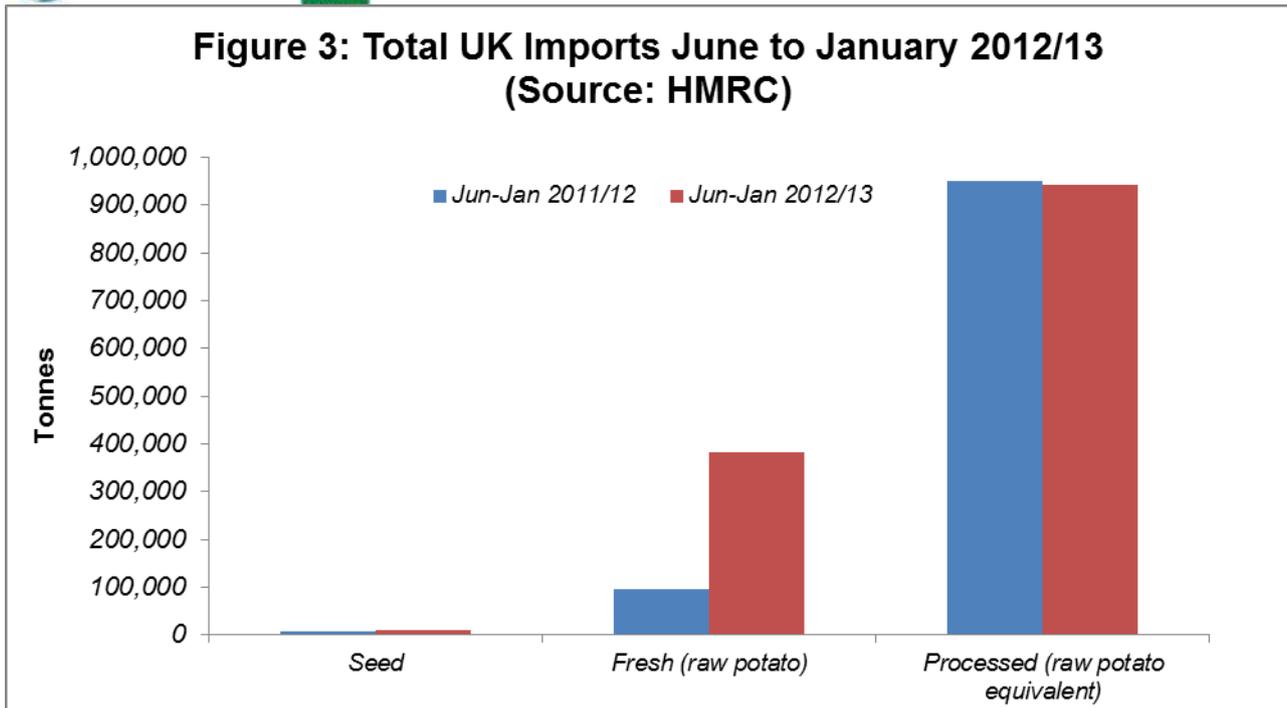
The GB weekly average price includes both free-buy and contract movements. When separating out the free-buy price for the season it becomes more apparent as to why the average price has tracked at such a high level. The ex-farm free-buy price has consistently exceeded £300/t to date since November, reaching a peak of £335/t in January this year. The free-buy price trend has been significant enough to put upwards pressure on the overall weekly average price, almost regardless of changes in contract prices.

Stocks

The response to the drop in GB production has also been a fall in potato stocks which, as at end-January, stood at 1.6m tonnes or 21% less than last year. Both production and stocks estimates have margins of error associated with them. However, noting this, it appears that the fall in potato stocks has been approximately proportional to the fall in production. This would appear to be a logical reaction to the lower production this year, notwithstanding changes in consumption and trade levels.

Trade

HMR&C report a rise in total potato imports to the tune of 27%, or 280,000 tonnes, compared with the same period last year (June to end-January). A breakdown of the total UK import estimate of 1,335,000 tonnes (Figure 3) shows that processed imports (expressed as raw potato equivalent) remained relatively consistent, compared to the same period last year, at around 950,000 tonnes. They also accounted for over 70% of UK total imports. Fresh imports (imports of raw potatoes) however have risen substantially from last year. HMR&C data shows an increase of 295% to over 380,000 tonnes, compared with the same eight-month period last year. It is this increase in fresh imports which is driving the upward trend in total UK imports, with both seed and processed imports very similar to last year.



In addition, UK exports (seed, fresh and processed expressed as raw potato equivalent) are up 21% on June-January last year at 365,000 tonnes. This is primarily due to an increase in exports of processed potatoes of 68%. In terms of overall GB supply, this increase could partly offset the rise in imports that we have seen.

2013 GB and European crop

Total GB plantings up to 29 March are estimated at c.4,000ha, compared with c.32,000ha in 2012 and c.32,000ha in 2011. Wet weather and cold soil temperatures have been a common theme throughout much of February and March in GB and also wider North-West Europe – affecting planting progress and crop development.

Phaff Export Marketing report early plantings on the continent for the processing market as being two to three weeks behind schedule. Snow has prevented any early planting in Belgium and in Germany bad weather has caused delays. In Germany initial plantings were reported during the first week of March, but wet and cold soil conditions have allowed little progress since. To the South of the country it is reported that approximately 300ha have been planted but snow has since halted progress and cold weather is preventing growth. REKA, a grower organisation for the Rheinland area, have suggested that, for their early processing market, there may be a two to three week delay this season.

In France, UNPT report continuing delays in field work. 4-5cm of snow has fallen in Flanders, rain, hail and thunderstorms have been experienced in Picardy and rain is continuing, together with snow and wind, in Normandy. In Alsace, some early plantings took place in late February/early March under plastic but cold, rainy, weather is causing further delays to planting.

Phaff Export Marketing report a slight increase in contracting for the new season on the continent compared with usual, particularly for early delivery.

North-Western Europe potato stocks

The last issue of Euro Potato reported first stock estimates for the NEPG countries as being at an historically low level. Table 2 provides a summary of the latest published stocks figures for the five countries. Of note, updated data has been received from UNPT/CNIPT for France and AMI for Germany.

As at end-February, French gross stocks, according to UNPT/CNIPT were reported at 1.44m tonnes, down 18.5% from last year and 10.2% down on the five year average. Free-buy stocks available for the fresh market are said to be below that of other years.

AMI, citing the state statistical office, report German stocks at the end of December at 3.2m tonnes – much lower than last year but above the five year average. It should be noted that the 3.2m tonne figure also includes volumes in store for seed and starch use. Having said that, stocks in store for starch are typically depleted by January/February and so play a relatively minor part in this stock estimate.

Table 2: NEPG potato stocks situation (excl. seed and starch for all, except Germany)

	GB <i>End-January</i>	France <i>End-February</i>	Belgium <i>End-January</i>	The Netherlands <i>Mid-February</i>	Germany <i>End-December</i>
Potato Stocks (excl. seed and starch*)	1.6m tonnes	1.44 m tonnes	1.26 m tonnes	Not Available	3.2 m tonnes *
Change vs. Last year	-21%	-18.5%	-35%	-21.5%	-13%

* Please note Germany's stocks figure includes volumes for seed and starch.

NEPG market update

 **In Belgium**, FIWAP/PCA processing prices for the week ending 22 March were £145-£162/t, compared with £20-£25/t during the same week last year. Phaff Export Marketing report a calm market with limited demand for free-buy Bintje. Export to the UK, mainly for the fresh market, continues to be reported with demand also present from Spain and Portugal.

 **In France**, SNM/UNPT processing prices were £157/t for the week ending 22 March, compared with £25/t in the same week last year. CNIPT/UNPT report that imports of fresh potatoes for the period August to December rose 26% compared with last year, totalling for the period 27,900 tonnes.

 **In the Netherlands**, for the week ending 22 March, VTA processing prices were £171-£205/t – compared with £27-£44/t during the same week last year. Phaff Export Marketing report export activities to the UK, to the East and the South, but a halt in export to Africa.

 **In Germany**, REKA processing prices for the week ending 22 March were £154-£171/t for 40mm+, whereas in 2012 the price for 35mm+ was £27-£33/t. Phaff Export Marketing report a calm processing market and continuing demand for fresh potatoes, with 'good quality' supplies coming from refrigerated coldstores.

Other countries

 **In Jersey**, the crop has experienced uncharacteristic conditions with 10cm of snow falling and 65mph winds in recent weeks. After one of the wettest winters in 50 years, the crop is reported as being two weeks behind with volumes for export not expected until May.

 **In Spain**, Pomme de terre Hedbo report a planted area estimate which is down 15% on last year – a decrease which reportedly mainly concerns product for the domestic market rather than export market. Harvest is expected to commence before the second week of May with planting operations having been delayed by rain.

 **In Egypt**, AMI report early crop exports as being ahead of schedule. As at 10 March 123,000 tonnes of potatoes had already been exported from Egypt – an increase of 21,000 tonnes on last week. It is estimated that around 60,000 tonnes have had EU or Arab State destinations, 15,000 tonnes went to Russia and 30,000 to the Lebanon.

 **In Russia**, AMI report a postponement to the EU seed potato import ban. It is thought that the ban will now take effect from 1 June 2013.

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