



Euro-Potato

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NORTHERN EUROPE

Harvesting is virtually finished and markets are entering a new phase of the season. Quality concern and wastage, resulting from high dry matter levels and difficult harvest conditions, are now becoming the main influence on potato industries across the five Northwest European Potato Grower (NEPG) countries.

Statistical estimates for the 2009 crop continue to be published, although the full picture is not yet complete. However, it appears that despite lower yields in Germany, Belgium and Holland, overall production for 2009 is likely to be higher than in 2008. This is particularly the case in Belgium where planted area has increased rapidly, and contributed to the 14% rise in production. High wastage in most countries, already estimated at over 20% in the Netherlands, could mean a significant volume of crop may not be usable by processors. There may also be a change in quality requirements compared with those of 2008, by some processors, which would assist the utilisation of the remainder of this season's higher stocks.

Action though appears to have already started, as many Northern European factories are currently working at high-speed on lower priced supplies. In the Netherlands for example processing is estimated to be around 7-10% more and prices 20% lower than to this date last year. Producers with suspect crops in stores may therefore be in for a difficult season ahead. Processors with high volumes of prepared products in stores, leading into next year, may not be large buyers on the free market during the Spring of 2010.

In contrast those growers with good quality potatoes are already able to obtain premium returns. Those stocks however are limited and that could have a positive influence on their price, particularly following the turn of the year.

Meanwhile the full implication of quality, wastage, planted areas, yields and production levels this season is still uncertain. Growers, purchasers and salesmen are now waiting to see how market situations will develop in the coming months. This report looks at latest developments.

BELGIUM

Crops — Belgian growers were probably encountering the greatest harvesting problems amongst the EU 5 producing countries at the start of October. Ground conditions were very dry and late bulking was at a standstill. Rain eventually arrived but only in the form of light showers. There were heavier falls as the month progressed and harvest conditions improved with growers flat out by the middle of the month when 50% of the crop had been lifted, around two weeks later than last year. Growers continued to make good progress but there was still 10% of crops to clear at the end of last week, with some regions requiring a few more days to complete.

Table 1 — BELGIUM Conservation Crop (Ware and Earlies)

	2008	2009	% Change
Total Production (m t)	2.877	3.268	+13.6%
Earlies	0.435	0.462	+6.1%
Bintje	1.659	1.788	+7.8%
Other Varieties	0.783	1.017	+30.0%
Area (ha)	61,400	71,414	+16.2%
Yield (t/ha)	46.8	45.8	-2.1%

Source—Belgium Bureau for Statistics & Phaff Export

Results of yield tests and tuber sizes, after 460 days growth, on varieties Asterix and Fontane were published early in October. Asterix was estimated to average 45.2 t/ha (above 35 mm) and contained 82% above 50 mm, whilst Fontane yields were 46.6 t/ha and had 91% of tubers above 50mm. There is no direct comparison, but crops last year were very high yielding, with a total crop for Asterix in an overall range of 47 to over 70 t/ha and Fontane 51 to 68 t/ha.

The first official total Belgian crop statistics were also reported towards the end of October (table 1). Production is estimated at 3.268 million tonnes, around 13.6% higher than last year. Output from early processing crops grew, but the largest increase was seen in other varieties (up 30%), which continued to take popularity away from Bintje.

Planted area is also 16% up at 71,414 ha. Belgium has now therefore reached a higher planted area for consumption potatoes (Ware) than in the Netherlands (70,519 ha), a situation not seen before. The main reason of the rapid rise in area, according to the Ministry, is due to EU single farm payment grants. It also follows the large increase in Belgian processing investment which continues to raise factory capacity. In 2008/09 processing output grew by 8% compared with the 2007/08 period and a further increase is expected this season.

Processing — Yields of Belgian crops are expected to be lower than in 2009, particularly in the Southern regions but, due to increased planted area, prices have remained low during October. Growers were nervous of market prospects at the start of the month and many were selling off the field. This maintained loading pressure with prices easing back to around €58/t (£53/t). Demand was slow on the free market as most supplies were drawn from contracts, although buyers continued steady offers. A firmer market developed by the end of October as growers loaded crops into store and offered fewer supplies from the field. Demand from processors improved slightly as some buyers looked to supplement contracted stocks. Prices for 35 mm+ processing material are firming slightly this week at mainly €60-€66/t (£54-£60/t), up to €70/t (£64/t) for Bintje.

Export — Trade remained quiet during early October as orders were limited and exporters were concerned to load suspect crops for shipment. Movement increased as harvest conditions improved but overall volume remained very limited. However, better orders are predicted for the next few weeks as low prices could possibly attract foreign interest, particularly from Eastern and Southern Europe, especially Poland, Romania and Czech Republic. Trade to GB is expected to be very limited this season following their good harvest. The pound is also continuing to weaken against the Euro.

NETHERLANDS

Crops — At the start of October some rain arrived, and growers in Southern regions were able to recommence harvesting following the very dry conditions which prevailed during September. This came as a relief to all as temperatures were starting to fall and concerns of further lifting damage were increasing. As the month progressed harvesting was possible between periods of heavier rain and reasonable progress was made by most. However, a few areas suffered from localised downpours

Production (m t)	Crop	2008	2009	% Change
	Total	6.992	6.950	-0.6%
	Ware Only	3.631	3.635	+0.1%
Area (ha)	Total	69,302	70,519	+1.8%
	Clay Soil	50263	49420	-1.7%
	Sand Soil	19,039	21,099	+10.8%
Yield (t/ha)	Total	52.4	51.6	+5.0%

Source CBS and Phaff export Marketing

and some growers had to wait a few days for ground to dry again before continuing lifting, although this helped reduce the risk of damage. By mid October around 80% of crops had been cleared. There were however regional differences with most fields cleared in the North, but further South growers did not finish until the end of the month. By late October all crops had been harvested.

Provisional figures for production in the Netherlands (based on an estimate, not actual yield test digs) were published by the Central Statistics Office (CBS) on 16 October (table 2). Total production (Seed, Ware and Starch) was put at 6.950 million tonnes, just 0.6% lower than in 2008. Ware production (including earlies) was estimated at 3.635 m t, around 0.1% more than last year.

However the estimates raised some queries, particularly amongst growers and grower organisations, with many believing production may have been overestimated. Figures were based on the last yield tests made in August and extrapolated up to the final figure. However, growth in the later stages of this season's crop was very limited, compared with other recent seasons, due to the dry weather. This was particularly the case for second early and maincrop varieties.

It was estimated that from mid August to mid September crops bulked on average only 4.4 t/ha, the lowest figure recorded for the period. Little growth was made after 15th September.

The European Processing futures market fell rapidly last week in response to the CBS announcement. The figures have also made the physical market nervous again.

The first telephone survey of Ware growers by the Commodity Board, to measure stocks, will take place in mid November and results may provide a clearer indication of the market prospects. Final production estimates will be published by CBS in January 2010.

Planted area figures were also published and showed a movement towards growing on lighter soils away from heavy land. There was a fall in clay soil planting and an increase of over 10% on sand land.

Processing — Due to difficult harvest conditions at the beginning of October, many crops failed to meet contract specifications or were unsuitable for long term storage. Growers were therefore loading heavily from the field which placed pressure on markets and prices eased back. A steadier trend developed by mid October, but a high proportion of stock was still in store which was not of the best quality, and could potentially cause problems later in the season.

Trade is now slow with buyers not very active on the free market and growers reluctant to offer stocks. However, there are stores of suspect keeping quality which will have to be marketed in the short term. Due to quality problems many have had to negotiate conditions of acceptance with processing buyers to take their crop. The publication of an unexpectedly high production figure also had a detrimental effect on physical and futures prices, both of which have fallen back recently. Currently prices for processing material are from €35/t (£32/t) for poor material for direct supply, but mainly €55/t (£50/t) for Fontane and €65/t (£59/t) for Bintje. Innovator are steady at mainly €70/t (£64/t). Very good quality ex field samples are still available at €80/t (£72/t).

Forward trading has been limited recently due mainly to uncertainty regarding quality in stocks from January to June. Good quality Innovator, graded 40 mm+, for delivery in December is quoted at €60-€80/t (£54-£72/t), and April 2010 at €115-€130/t (£105-£118/t).

European processing futures prices reacted harshly last week to the harvest figures from CBS. April 2010 contracts fell €10/t (£9/t) on 19 October to €99/t (£90.52/t), the first trading day following release. The market fell further towards the middle of the week before becoming steadier by the close of trading last Friday at €102/t (£93.55/t). This week the market has been quieter and has recovered to close slightly up yesterday at €106/t (£96.22/t).

Processing output from Dutch factories has continued to gain pace in recent months. In the period from July to end September 2009 around 835,000 t have been processed, compared with 714,000 t in the same period in 2008.

Export — Trade was quiet during the first part of October but orders are now being received from all the usual major customers, including renewed demand from West Africa. Demand from Eastern and Central European countries is expected to increase in the months ahead. This is particularly from regions where production has fallen this season as a result of either dry weather, or in some cases heavy rain, or as in Ukraine a combination of both. Exporters, although not busy, are still satisfied with movement in comparison with previous October levels.

As a result of increased movement the first official quotation for export prices is expected to commence next week from the Goes exchange. Meanwhile actual prices have improved slightly recently and are currently €80-€120/t (£73-£109/t), although poorer material is from €70 (£64t), and very best up to €130/t (£118/t).

Fresh market prices are in a similar range from €70-€130/t (£64-£118/t) depending on quality.

FRANCE

Crops — Heavy rain, particularly in Northern areas, slowed harvest during early October but as conditions improved progress became more rapid. Clearance was estimated at around 90% at the end of last week with harvesting expected to be completed in most regions this week. The weather is colder but ground conditions are good.

Processing — Demand on the free market has been limited as most requirements have been from contracts. Some factories are closing for 1 to 2 days a week at present. Unlike Belgium and Holland, French processors are not currently in full production. However, supplies are expected to be more constant leading into November, once harvest is completed.

In the period from July to end September processing in France dropped 14.5% compared with the same date last year. The fall in usage was particularly seen in lower imports and fewer free market transactions, although contract volume increased to 55% of usage.

Currently free market purchases continue to be limited but prices are steady between €55-€70/t (£50-£64/t). However, at these levels growers are reluctant to open stores, particularly as rejections are increasing, mainly due to damage. Some specific large size material and samples with moderate dry matter levels are making slightly higher prices.

Fresh — Interest in the fresh market is for quality supplies with little interest in other material. As a result prices are under pressure and are very low compared with the usual fresh market situation in France. Currently good samples are making €70-€80/t (£64-£72/t), with slightly higher values for very best Agata and Ceasar. Poor quality un-washable material is at very low prices. Movement is being dominated by retail promotions.

Export — The 2009/10 Ware export season has started well with sales during August over 40% up on the same month in 2008 (table 3).

Country	2009	2008	2007
Spain	15,100	16,400	22,200
Italy	13,900	1,200	5,300
Belgium	13,400	6,800	8,700
GB	2,300	2,000	1,500
Germany	1,800	2,600	3,300
Holland	1,600	1,600	1,400
Portugal	1,000	700	400
Others	3,500	4,700	1,400
TOTAL	52,600	36,000	44,200
Total Campaign	-	1,896,200	1,757,900
<i>Source—UNPT</i>			

Movement was estimated at 52,600 t in the month compared with 36,000 t last year, and represented the highest August trade on record.

In value terms however August was lower than last year at 8.7 million euros compared with 9.3 million, and 9.9 million in August 2007. Italy has shown the largest increase with ten times the volume of orders this August compared to 2008.

Trade is now starting to increase with Italian buyers continuing to show more presence on the market, as well as increased interest for quality material from Portugal. Orders are also being received from Greece and Eastern Europe, particularly the Czech Republic. Demand from Spain however remains slow with volume down on last year, although orders are expected to

increase again from mid November. Current export prices are €75-€80/t (£68-£73/t), up to €95-€100/t (£86-£91/t) for quality. Red varieties to Portugal are from €90/t (£82/t).

GERMANY

Crops — Harvest is almost completed with just a few processing crops in Eastern regions to finish.

Fresh — There is much discussion regarding the quality of fresh market material this season. Wastage is very high, particularly in Lower Saxony where supplies are estimated to be 16% lower than last year. Prices are therefore moving upward this week as demand is increasing, with firm flesh varieties at €92/t (£84/t) and flourey material €88/t (£80/t).

Export — Increasing orders are being received from Southern and Eastern Europe, with prices mainly €70/t (£64/t). There is a good demand from Poland at present, where production is one million tonnes lower than in 2008 at 9.50 m t. Lower planted area, at 500,000 ha (555,000 ha last year), and poor growing conditions were the main reasons. Also harvest is not yet finished and the cold winter weather has arrived. Exporters are therefore expressing a positive view of trade for the coming season.

Processing — As in other parts of Northern Europe traders are expecting some quality problems in stored potatoes, which may reduce the availability of good supplies this season. Demand is improving slowly as factories are working to capacity and sales of finished product are reported to be good. Prices are steady with 40 mm+ from €40/t (£36/t) for poorest ex field samples, but mainly €56-€60/t (£50-£54/t). Growers are looking for higher prices as an incentive to start unloading from recently closed stores.