



# Euro-Potato

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## NORTHERN EUROPE

The 2009/10 potato season may still have progress to make, according to representatives of the Northwest European Potato Growers (NEPG). This report looks at current situations, including the latest production estimate from Belgium, which could provide some indicators for the months ahead.

The dry summer, lack of late growth and end of season bulking as well as many quality problems, may still have an influence on markets throughout Northern Europe before the end of the season. There is still uncertainty regarding the volume of stocks which will achieve the quality standards required, in both the processing and fresh sectors. An upward change to prices therefore appears likely going into 2010, with best stocks leading the way towards premium values. In contrast there will be lower quality produce present on the market throughout the season, for which little change in price is expected. In most EU 5 countries this has led to average prices falling during the first quarter of the season from the beginning of August. It would appear unlikely that there could be a similar overall decline during the next quarter, leading up to New Year. Currently prices are only steady at best and there is substantial variation in the market, related to quality. This could well become even wider by next Spring.

## NETHERLANDS

**Crops** — Harvest was completed during early November, but the uncertainty over quality of stocks this season is ensuring a steady market at present. Processing potatoes are showing very high dry matter levels, principally as a result of the dry weather during August, and are therefore at risk of damage. The percentage of bruising is varied, but in most cases peeling alone is not removing damaged areas of tubers. More potatoes than normal are therefore required to produce one kilo of French fries. Buyers are becoming concerned, particularly with wastage level reported to be up to 20%. A similar situation exists in Belgium and Germany. Prices have surprisingly eased back recently, but it is expected that values for best stock will rise in the coming months. The situation in Holland will become clearer next week as first stock figures are expected to be published. Final production estimates will be published by

CBS in January 2010.

Month	Total Potatoes	Processed to Product		Month	Total Potatoes	Processed to Product	
		Pre-fried	Other			Pre-fried	Other
Oct-08	308.1	131.9	34.1	Oct-07	297.6	128.5	33.5
Nov-08	279.2	110.5	36.4	Nov-07	288.6	118.6	32.8
Dec-08	275.8	104.2	40.5	Dec-07	353.5	144.4	45.7
Jan-09	267.6	111.5	29.8	Jan-08	273.5	107.6	30.6
Feb-09	273.0	117.0	30.5	Feb-08	268.9	110.6	31.7
Mar-09	286.8	119.5	30.2	Mar-08	281.3	117.0	30.3
Apr-09	301.5	131.2	33.4	Apr-08	295.7	122.8	32.0
May-09	280.2	118.0	32.8	May-08	286.5	114.5	35.8
Jun-09	295.3	120.6	33.0	Jun-08	275.0	115.6	33.2
Jul-09	263.2	113.4	32.5	Jul-08	225.9	94.3	29.1
Aug-09	280.2	124.2	29.0	Aug-08	218.8	99.2	27.7
Sep-09	291.8	127.4	33.6	Sep-08	269.2	112.5	30.0
<b>TOTAL</b>	<b>3402.8</b>	<b>1429.2</b>	<b>395.8</b>	<b>Total</b>	<b>3334.6</b>	<b>1385.4</b>	<b>392.4</b>

(Source NAO)

**Processing** — Output from processing in the Netherlands continues to grow. In the twelve months to end Sept 2009 total output increased by 2.0% to 3.4 million tonnes (Table 1). In the same period, pre-fried output increased by 3.1% to 1.4 m t.

Trading volume increased during early November and, as a result official grower price quotations from Goes, Emmeloord and Rotterdam started to be published. All quotes were fairly well matched, but each showed a wide range, which reflected the large difference in quality in the 2009 crop.

Physical prices during early November firmed slightly with Fontane €60/t (£54/t), Bintje €70/t (£62/t) and Innovator up to €90/t (£81/t). Offers of stocks from stores with reasonable dry matter became limited, with movement mainly of samples with some quality problems. As the month progressed markets became quiet with factories having sufficient supplies from their own contracts. Free market purchases are currently limited, but prices are unchanged at mainly €60-€70/t (£54-£63/t), and best quality holding at up to €90/t (£81/t) for Innovator. Prices for delivery later in the month include Bintje at €80/t (£71/t).

Traders in the Netherlands expect the processing industry to reject many loads of potatoes due to high dry matters and bruising this season. It is estimated that around 25% of all production, which is currently in store, may not meet quality criteria of contracts. Some adjustment to standards may therefore be required, to ensure a shortage of raw material supplies does not develop. There may also be a large volume of tubers which will be too small for processing. It is estimated that between 2.5% - 5% of all potatoes will not be suitable for French fry production at all this season. Many will be diverted to flake production where factories are already running at full capacity.

Until recently movement to factories has been from the field, mainly off sandy land. For most of those samples damage was not substantial, but in the next few weeks more potatoes will be delivered from growers opening up their stores for the first time. Some are having to sell due to quality issues in store and a market is already developing for secondary processing potatoes, with prices at around €35/t (£31/t).

Prices from Rotterdam this week for 40 mm+ processing were quoted from €70/t (£62/t) and eased at the top to €87.5/t (£78/t) for white flesh varieties and €70-€82.5/t (£62-£73/t) for yellow flesh.

Forward prices accepted recently by growers include Bintje (40 mm+) for March 2010 delivery at €105/t (£93/t). Innovator (40 mm+) for December delivery at €100/t (£90/t) and April 2010 at €130/t (£118/t). Lower quality stocks for delivery in Spring 2010 are being quoted at €45/t (£40/t).

Following release of the first Dutch yield and production estimate in mid October, April 2010 European processing futures contracts fell heavily. The period made some recovery by early November, but prices have again been gradually falling over the last 10 days. April 2010 contracts closed yesterday at €103/t (£91.62/t).

**Export** — September export figures of Ware potatoes from Holland totalled 42,360 t. The largest customer was Germany at 4,085 t, followed by Italy at 2,159 t. Cumulative Ware exports from 1st August to 30th September were down by 8.5% on the same period last year at 153,469 t, compared with 167,866 t. Exports to UK in September were 271 t and the cumulative total 81% lower at 1,516 t. Meanwhile trade remains satisfactory with largest movement to West and North Africa at present. Eastern European demand is also increasing, particularly from Russia, due to a lack of good potatoes available, with exporters positive for market prospects ahead.

Rotterdam export prices are steady in a wide range from €92.5/t (£82/t) , up to €117.5/t (£104/t).

There are odd best samples making more. However, not all are up to export quality, although there is a demand for poorer material from some Eastern Countries from €70- €80/t (£62-£71/t).

**Fresh** — Prices are generally unchanged from last month with good samples ex clay soils from €80 (£72/t), up to €130/t (£117/t) depending on quality.



## GERMANY

**Crops** — Harvest was completed by the end of October, with the exception of some starch crops.

**Fresh** — Markets are steady, although there is a better undertone developing with some price increases seen recently for the more limited best quality material. A reduced planted area, slightly lower yields and numerous skin quality problems have increased supply concerns amongst buyers regarding good quality potatoes this season. Many are already predicting there could be a lack of better supplies later in the season.

However, growers are not happy regarding current price levels and purchasers are urging growers to open stores and unload good potatoes to market. If this fails to happen some are suggesting French imports may fill the gap, but Ware quality in France is seeing similar problems regarding bruising. Most packers report large wastage levels (20% is common) and this has led to an increase in prices recently. Currently values are firming with varieties including Socura, Marabel and Princess up by around €10/t from the start of November at €100-€120/t (£90-£108/t) for 35 mm+ samples ex the grower. Best quality samples are in some cases up to €130/t (£117/t).

The average quotation for firm flesh varieties has risen this week to €105.8/t (£994/t) and floury material has increased to €103.3/t (£92/t).

Organic crops in Germany are experiencing even greater quality problems than conventional potatoes and high prices of around €270/t (£240/t) are being obtained.

**Export** — Demand continues to increase from Eastern Europe, particularly Romania and Poland, with the majority of movement being lower quality material. Italy is also a major buyer at present. The expectation is for increased orders in export markets during the months ahead, mainly due to the moderate harvests reported in most Central and Eastern Countries.

**Processing** — Prices firmed slightly at the beginning of November but currently the French fry market is quiet with some downward pressure. Quality problems, particularly bruising, are a concern in stores, although the full impact for the season ahead remains uncertain. Mainly poorer samples are being sold from store at present with 40 mm+ samples at €65-€72.5/t (£58-£65/t), up to €75-€80t (£67-£71/t) for good Innovator.

 **BELGIUM**

**Crops** — Due to difficult dry conditions this season harvesting was not completed in Belgium until early November.

The first Belgian production estimate of consumption potatoes has been published (table 2) following the results of a telephone survey of 220 growers, carried out by the Belgian organisations Fiwap/ Carah and PCA. Total production of consumption potatoes is put at 3.29 million tonnes, compared with 3.00 m t in 2008. This represents a rise of +9.5% and is also 9.5% higher than the five year

	Area (ha)		Yield (t/ha)		Production		% Change
	2008	2009	2008	2009	2008	2009	
<b>Earlies</b>	10,546	11,787	41.3	39.2	440,000	460,000	+4.5%
<b>Bintje</b>	35,293	38,462	49.9	47.6	1,760,000	1,830,000	+4.0%
<b>Others</b>	15,611	21,165	51.2	47.0	800,000	990,000	+24%
<b>Total</b>	<b>61,450</b>	<b>71,414</b>	-	-	<b>3,000,000</b>	<b>3,290,000</b>	<b>+9.5%</b>

average (2004-2008). The survey also revealed that around 35% of all Bintje crops and 75% of other varieties are now contracted,

an increase compared with last year. According to some experts the increase in production may have a limited effect on price levels. Most feel that the higher stocks will be offset by quality issues and high wastage in this year's crop. They also point out that processing capacity in Belgium over the last 10 years has risen from 1.5 million tonnes to an expected 2.5 m t in 2009/10, and that more potatoes are now required as a result.

The first official statistics for the 2009 Belgian crop were published two weeks ago at 3.268 million tonnes, around 13.6% higher than last year.

The first stock figures were also published, from the results of the telephone survey. In Belgium stocks at 1st November were estimated at Bintje 1.54 m t, and other varieties 0.76 m t, providing a total of 2.30 m t. That represents an increase of 200,000 t over the same date last year and means 83% of initial production remains in store (82% in 2008 and 78% in 2007). A little over 50% of total stock remains available on the free market. Next stock figures will be published in February 2010.

**Processing** — The processing trade began to show positive signs of change at the end of October as prices increased slightly. Markets however became steadier during November as some factories slowed production and used mainly contracted material. Free market supply and demand became lighter but remained balanced. Prices for 35 mm+ processing material are currently steady at around €70/t (£62/t), with good quality material slightly higher at €80/t (£72/t), and poor stocks lower. Rejections in several factories are increasing, due to damage, with many loads being diverted to flake production or cattle feeders. With ample lower quality stocks reported there appears, as in Holland, to be gradual agreement forming between the trade and industry, that quality standards will require some easing this season to ensure the flow of supplies to processors is maintained. Some flexibility in specifications is already being applied.



**Export** — The market remained difficult for Belgian exporters at the start of November, with trade remaining limited as the month progressed.

However traders are optimistic that better orders will develop from Eastern European countries in the next few months. Movement to GB also remains light this season.

**FRANCE**

**Crops** — Harvest progress during October was good and, despite rain towards the end of the month, lifting was completed by early November.

**Processing** — As in other countries processors are concerned over the high dry matter levels being found in many crops. Movement is mainly confined to contract arrangements with free market interest still limited as most factories are only working to 70-80% of capacity. Free market prices did firm a little during early November as buyers from neighbouring countries were present on the market. At present processing material graded 35 mm+ is in a range from €55-€60/t (£50-£53/t) locally, but offers of up to €70/t (£62/t) are being reported locally, to deter Belgian and Dutch buyers. Although prices have increased slightly they have not tempted growers to offer more supplies from store. Most have also not completed outside farm work and are therefore waiting for higher prices to come. There has been no reduction in quality standards, due to the high wastage being seen this season from bruising, reported so far by French processors.

**Fresh** — Consumption of fresh potatoes in France continues to suffer. Latest TNS World Panel data, for the period from mid July to mid October 2009, indicated a decline of -5.1% for potatoes bought by households, compared with the same period in 2008. Last year's figures were also 5.0% down on 2007. Hypermarkets saw the largest fall of -5.9%, followed closely by Supermarkets at -5.8% and discount stores by -2.8%.

Meanwhile demand is increasing slightly and markets are firming in price, but only for very good quality washing stocks which are hard to find, including Agata at up to €140/t (£125/t). Salad varieties, mainly Charlotte, are making up to €175/t (£156/t). There are however large volumes of poor unwashable supplies available and these are making only €50/t (£45/t). Generally prices are €75-€80/t (£67-£71/t).

**Export** — Ware export figures (Table 3) remain ahead of last year by around 20%, with the total from 1 August to end of September at 125,500 t compared with 105,200 t in 2008. Trade to Spain has been

Country	2009	2008	2007
Spain	27,500	37,000	40,500
Italy	41,500	15,000	34,500
Belgium	30,800	21,600	26,400
GB	3,700	4,600	5,900
Germany	4,200	5,100	5,800
Holland	4,900	3,700	6,600
Portugal	2,900	8,400	5,000
Others	10,000	9,800	9,500
<b>TOTAL</b>	<b>125,500</b>	<b>105,200</b>	<b>44,200</b>
<b>Total Campaign</b>	-	<b>1,896,200</b>	<b>1,757,900</b>
<b>Source—UNPT</b>			

slower than last year but there are now good orders developing for quality washed samples. Availability of trucks has been one reason for slow movement, particularly from the Northern growing regions of France. Largest increases in orders however were from Italy and Belgium, both well ahead of the same period in 2008. Currently good demand continues from Italy but other customers at present, particularly for Red varieties, are Greece and Portugal, although movement to the latter remains slow.

Export material prices are mainly €100-€140/t (£90-£125/t). Enquiries from Eastern European Countries, particularly the Czech Republic, are mainly for non-washable potatoes packed in 25 kg bags at around €70/t (£62/t).

Imports of ware potatoes from 1 August to 30 September in contrast are well down at just 9,600 t, compared with 59,000 t for the same

period last year. Belgian imports are particularly remarkable at 2,700 t compared with 53,000 t in 2008 and 76,800 t in 2007. The reduction has been due to difficult harvesting conditions in Belgium and the resultant increased damage to crops.