Overview of world potato markets

By Ané du Plessis, Potatoes SA

Potato growers in Europe are concerned about the weather, with more rain expected in the immediate future. Although some progress has been made on lighter soils, it will require a sustained period of dry and sunny weather for planting to increase.

The 2024 potato season was always going to be challenging due to the tight seed availability after the difficult 2023 harvest, resulting in growers resorting to cutting seed to ensure they had enough material to plant. A dry second half of April was necessary to get growers back on track. Potato prices have remained stable with little trade over the Easter period.

While supply is a big concern in Europe, demand is also an issue for North American suppliers, especially from Japan, which is one of the largest markets for frozen fries worldwide. The weak demand in February has led to the lowest monthly level of imports of United States (US) products since June 2015. Exports are increasing in Argentina due to the devaluing of the peso by the new government, and India had another bumper month for frozen fry exports due to processors increasing their output as customers look for alternatives to more established players.

Japan: Lowest US sales since 2015

Japanese fry importers are currently facing a price crunch due to the steady decline of the yen against the US dollar. In February, the import volumes fell to their lowest monthly level in two years, reaching 22 900 tonnes, 6 200 tonnes less than the previous month and 19.9% lower than the previous year.

This decline in sales volumes has put immense pressure on Japanese fry importers to find a balance between the quality and cost of fries. The Netherlands emerged as the only winner in the current scenario as they reduced their prices, resulting in a significant increase in sales volume.

In contrast, Belgian fries failed to interest buyers as they remained more expensive than their Dutch and Chinese rivals. This led to a slight decline in Belgian sales volumes to 2 636 tonnes, which is 28.6% lower than the previous year. US and Canadian shippers have been unable to provide an attractive price proposition to the Japanese market, despite having Pacific Sea ports and ample supplies.

The US fry price rose by almost ¥500 in February to reach ¥285.360/t, which is 12.1% higher than the previous year. This resulted in a significant drop in sales volume to 13 907 tonnes, the lowest monthly sale since June 2015.

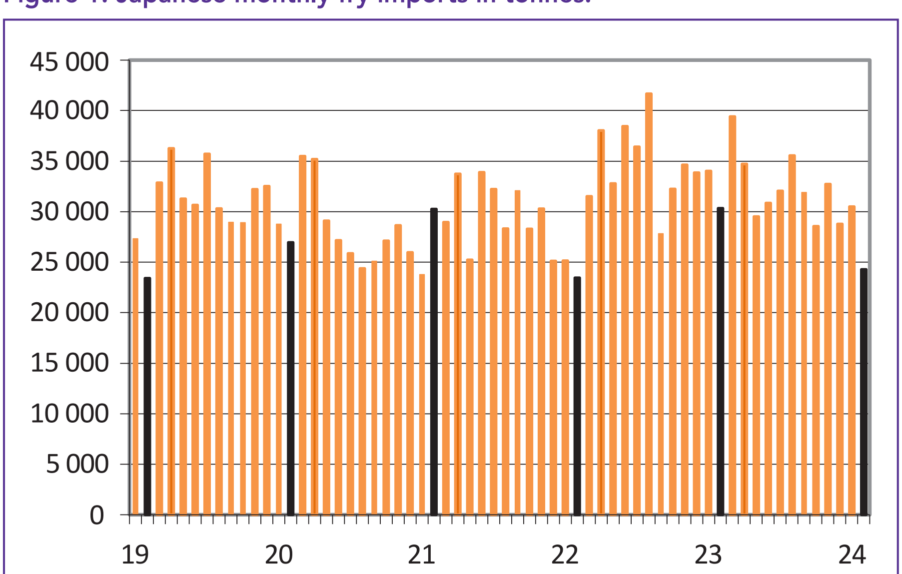
Canada improves sales volume

Canadian fries were even costlier, selling at ¥302.608/t, which is 19.9% more than the previous year. However, they still managed to improve their sales volume by 47.5% compared to the previous year.

The cost-sensitive Japanese market has witnessed the emergence of India as a low-cost supplier to counter China's recent sales surge. This month, the Chinese fry price was only 9.7% higher than the previous year but still above the Dutch price. China's sales declined by 600 tonnes to 1 110 tonnes, 8% less than the previous year.

In contrast, Indian fries were more competitively priced at ¥213.705/t, resulting in an increase in sales volume to 244 tonnes this month. French fries, priced low at ¥235.264/t, managed to maintain sales volume at 201 tonnes. Since September, the annual cost of importing fries to Japan has remained above ¥100 billion, but it is no longer rising.

Figure 1: Japanese monthly fry imports in tonnes.



The cost of February's imports was ¥1.3 billion less than the cost in September. However, ware potato imports from the US to Japan witnessed a decline, with only 784 tonnes imported in February compared to 2010 tonnes in January. US exporters can take some consolation from the recent announcement by Japan's Ministry for Health, Labour, and Welfare, which updated the allowed import residue limits for the dormancy enhancer 1.4-dimethyl naphthalene to up to 15 parts per million.

France: Export demand picks up

Export prices recovered after facing increased competition, with the Agata Category I price climbing back up €10/t to €490/t, according to RNM. This is €40/t more than the price a year ago. RNM has reported a lower potato supply than in previous years, and while there is demand for French export potatoes, buyers are selective and will demand discounts for lower-quality potatoes.

This is evident from the €10/t price drop of Category II red-skinned types to €370/t. However, the lack of processing potatoes across Europe has resulted in a €20/t increase in export prices for frying types, bringing it up to €440/t. Processing potato prices remained unchanged, with most varieties retaining their price at €350/t, with a €10/t premium for Innovator.

RNM reported a stable market with buyers securing supplies later in April, creating the possibility of another round of price hikes. Table potato prices also remained steady in April, with the Nord Basin Category I remaining at an all-time high for that time of year. RNM reported a calm market after Easter sales, but stated that prices could rise again afterwards due to supply pressure and demand from export and processing buyers.

Showery weather with more periods of sunshine meant planting progress would be slow, especially on heavy land, with growers hoping for drier weather in the latter half of April and early May.

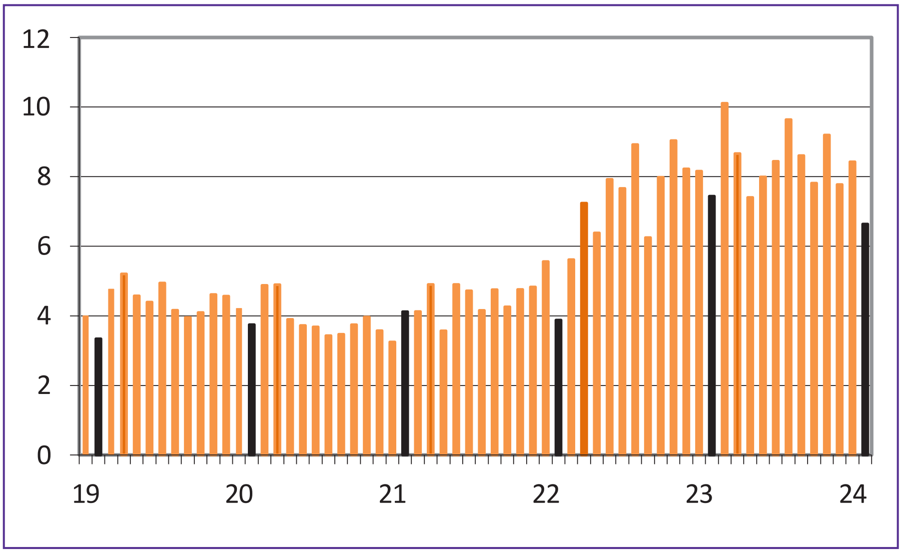
Netherlands: Rainfall steadies price

PotatoNL price quotations saw a slight change during the first part of April, with a decrease of €5/t in the average price for the main quotation, bringing it down to €370/t. Despite the drop, it was still the highest price recorded for this time of year. In the previous

Table 1: Spanish potato area, yield, production and ex-farm price. (Source: Ministerio de Agricultura, Alimentación y Medio Ambiente)

Spanish potato area, yield, production and ex-farm price								
Area ('000ha)	**2024**	**% change**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Extra early	2.286	-27.4	3.14	3.31	3.08	3.44	3.59	3.64
Early	12.83	-0.6	12.90	12.60	13.33	13.44	13.90	14.38
Total early	15.116	-5.8	16.05	15.92	16.42	16.88	17.50	18.03
Middle			28.71	27.28	28.96	30.68	30.47	29.89
Late			17.19	16.85	17.96	17.83	19.58	19.55
Total			**61.96**	**60.05**	**63.35**	**65.40**	**67.56**	**67.48**
Yield (t/ha)								
Extra early	24.5	-4.3	25.6	24.8	26.2	23.6	23.5	20.8
Early			30	34.1	33	30.6	31.2	27.3
Total early			29.1	32.2	31.8	29.1	29.6	26.0
Middle			27.8	27	28.9	28.8	29.6	27.4
Late			41.5	37.5	40.2	37.8	41.7	37.0
Total			**31.9**	**31.3**	**32.8**	**31.4**	**33.1**	**29.8**
Production ('000t)								
Extra early	56.073	-30.6	80.73	82.25	80.90	81.15	84.36	76.034
Early			386.90	429.97	440.74	410.99	434.18	392.67
Total early			467.64	512.22	521.64	492.14	518.55	468.70
Middle			796.92	737.41	836.73	884.71	901.47	818.35
Late			713.92	632.27	722.72	674.96	817.10	723.87
Total			**1 978.48**	**1 881.92**	**2 081.10**	**2 051.83**	**2 237.12**	**2 010.93**

Figure 2: Japanese fry imports in ¥ billion.



year, prices saw a considerable jump after April due to short supply, and by the end of the season, it had almost reached €600/t.

Most other prices remained steady, with a few export materials experiencing a price increase. High-quality varieties are in demand, with buyers willing to pay as much as €460/t. The main potato-growing regions of the country were expected to receive a mix of rain and sunshine during April, making it challenging to plant crops, particularly in heavier lands.

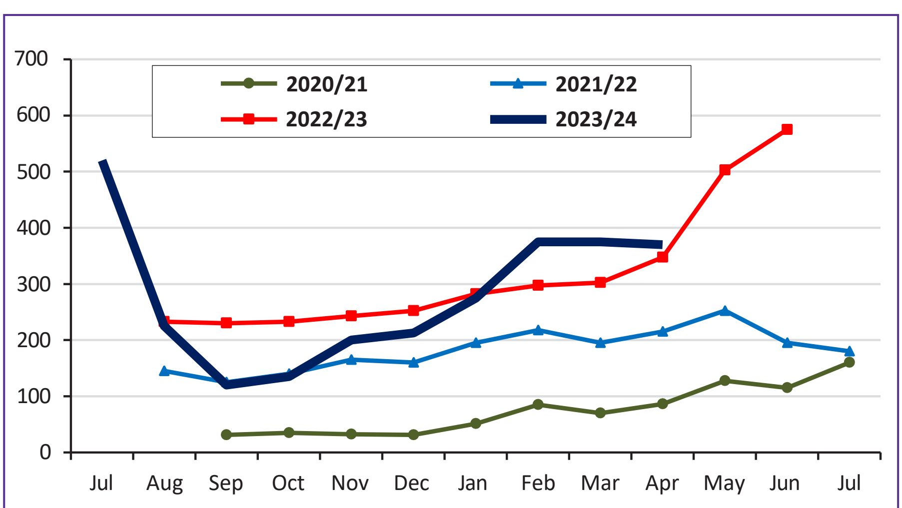
Germany: Sales under pressure

Although there has been a small decline in consumer purchases of fresh potatoes due to higher prices and a lack of supply, sales are still above pre-Covid levels and the situation is not catastrophic. According to the latest data from GfK Housepanel and AMI, fresh potato sales in February 2024 were 1.7% higher than in February 2023, although like-for-like sales were down 1.9% once the extra day in February this year was taken into account. In January, sales declined by 6.7%.

While combined sales for January and February were 2.7% lower than in 2023, they were 23 000 tonnes more than the last leap year in 2020 before the pandemic. Sales in the July to February period were 1.3% less than last season, with fresh sales peaking during the pandemic at 1.006 million tonnes in the eight months to the end of February.

However, current sales are 12.8% higher than the pre-pandemic period from July 2019 to February 2020. There was no processing potato price from Rhineland organisation REKA at the beginning of April, and AMI's table potato prices remained unchanged at €400/t for firm-fleshed types and €395/t for floury types.

Figure 3: Average main PotatoNL processing potato price at the end of months in €/t.



Spain: Early area falls a little

The Spanish early potato area has decreased by 0.6% on last year's figure, according to the Ministerio de Agricultura. Andalucia in southern Spain, saw a decrease in planted area by 10.1% to 4 428 ha, with Sevilla seeing the biggest drop. The early potato area also decreased in the Canary Islands, Valencia, and the Balearic Islands. However, the early potato area increased in the Murcia region and Galicia.

The total extra early and early area was 5.8% lower at 15 116 ha, with the extra early area down 27.4% to 2 286 ha. The Spanish extra early potato harvest is estimated at 56 073 tonnes, down 30.6% and is the lowest on record since 2018. The average yield of the Spanish extra early potato harvest is 24.5 t/ha, a drop of 4.3% compared to last year.

The ex-farm potato price in Spain increased by 7.8% to €602.9/t in the week to March 2024. The steep price rise started in the second half of February and matches that of the same time last season. However, heavy rains during the Holy Week in Spain affected potato yields due to an increased risk of mildew. While the rain helped to replenish water reserves across the country and ward off the ghost of drought in the south, the enormous amount of water accumulated in the fields could have a negative impact on potato yields.

Ramon Algaba, a producer producing 90 ha of potatoes in Andalucia, reported that they were applying fungicides to prevent damage to the crop using drones, as they were unable to enter the sodden land with tractors. The risk of mildew was also higher as temperatures were rising to 25 to 30°C in southern Spain, combined with high moisture, creating ideal conditions for mildew.

Javier Boceta, commercial manager at Meijer for Spain, expected the average potato yield in southern Spain to be higher than last year, despite the decrease in the planted area due to low water levels. He planted 20 ha of potatoes in Cadiz instead of Sevilla, where he saw a decrease in the planted area. At the time, he expected to start harvesting in 25 days, saying that prices agreed with packers range from €500/t to €450/t, for April and May.

Rogelio Marti, commercial manager at HZPC for Spain, reported an increased risk of rot in potatoes that were in full development in the south of Spain and potatoes sown more recently in the north of Spain. At the time he said they would have to wait around ten days to know the consequences of the heavy rains.

Portugal: Rain and wind damage

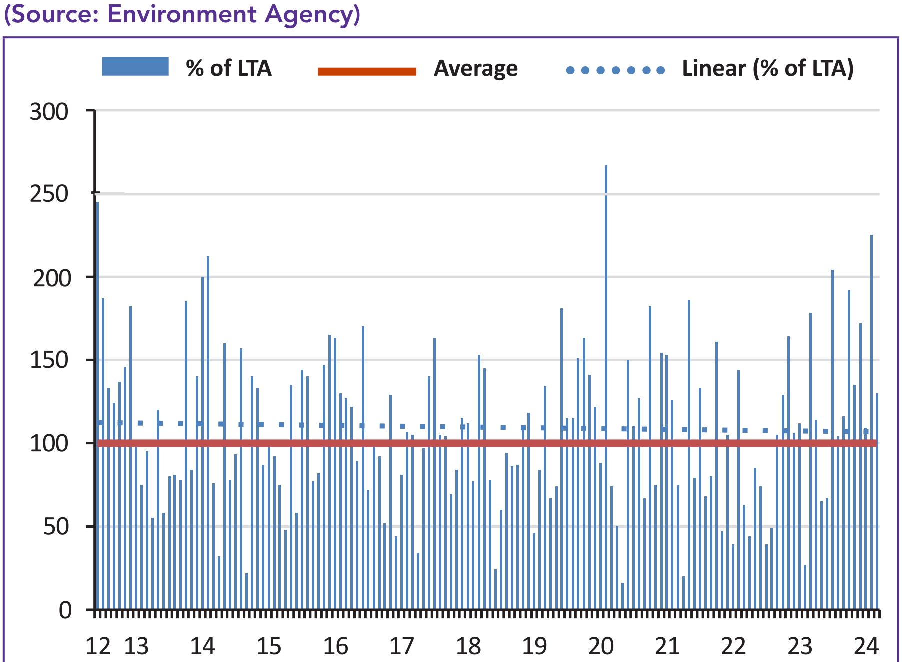
Severe rainfall and strong winds recently hit Portugal, leading to flooded fields and damaged potato crops. The potato season for producers in Portugal may be impacted by mildew attacks, rot, and other damage caused by the heavy rain. Additionally, the rain delayed potato planting in some areas. Despite several challenges, Sergio Margaco, manager at Inter Portugal Batatas, remains moderately optimistic about the potato season's outcome. He advised potato producers to carry out operations at the right time and treat the crop as best as possible.

The ex-farm price of white-skinned ware potatoes in Portugal remained steady at €400/t. However, the price decreased by 33.3% compared to the same period last year. The price of ware potatoes at the Chaves and Viseu markets was between €500 and €550/t, while new potatoes are sold at a higher price.

UK: Some planting possible

Planting progress for potato growers who cultivate on lighter soils was slower than usual due to recent setbacks. Heavy rainfall in the western part of the country, particularly in the early potato cultivation region, posed some challenges. Unfortunately, the upcoming forecast for the southwest and east of England indicated more wet weather, which threatened to further hinder planting progress.

Figure 4: English monthly rainfall as % of the long-term average. (Source: Environment Agency)



However, the east of Scotland, a significant potato-growing region, was pegged to experience slightly drier conditions. England experienced a 12% increase in rainfall in March, with more rain expected.

This followed an exceptionally wet February, with rainfall 125% higher than the monthly average. The last six months or so have seen at least a 50% increase in rainfall compared to the average. Despite rivers in key growing areas being exceptionally high, there was a low risk of water shortages for irrigation later in the season. Due to a shortage of British potatoes and high import prices, domestic prices were rising at the time of this report.

For instance, Maris Pipers for table use were up to £600/t, and most packing types were selling for at least £480/t. Bagged potatoes for fresh chips or fries were priced similarly, while fry processors paid up to £450/t for the best processing varieties. According to Defra, the potato price index for January is 206.8, indicating that prices were 106.8% higher than the average for 2020. The current price is 64.1% higher than in January 2023 and only 8.7% lower than last season's high prices. These high levels will likely be surpassed in the coming months.

Argentina: Increase in sales

In February this year, Argentina's processed potato exports showed its best performance since last July, despite being 2.2% lower than last year. There was a 21.2% increase in dollar price, resulting in a 21.2% rise in earnings, totalling US$24.824 million (€23 million). The country's president, Javier Milei, has been pushing for a radical free-market restructuring of the economy, leading to a trade surplus of US$1.438 billion in February.

However, inflation continued to rise, with February's inflation rate at 276.2% and food inflation at 303.8%. While there was no change in the declared price for Brazil, sales to Chile and large suppliers were higher, but sales to Uruguay, Bolivia and Paraguay were lower. Despite the decline in Brazilian demand, Argentina's annual export earnings hit a new all-time high of US$278 million (€258m), 9.8% higher than last year.

Meanwhile, exports of ware potatoes to Paraguay were down 16.9%, with sales down 20.3%, causing earnings to fall 12.2%.

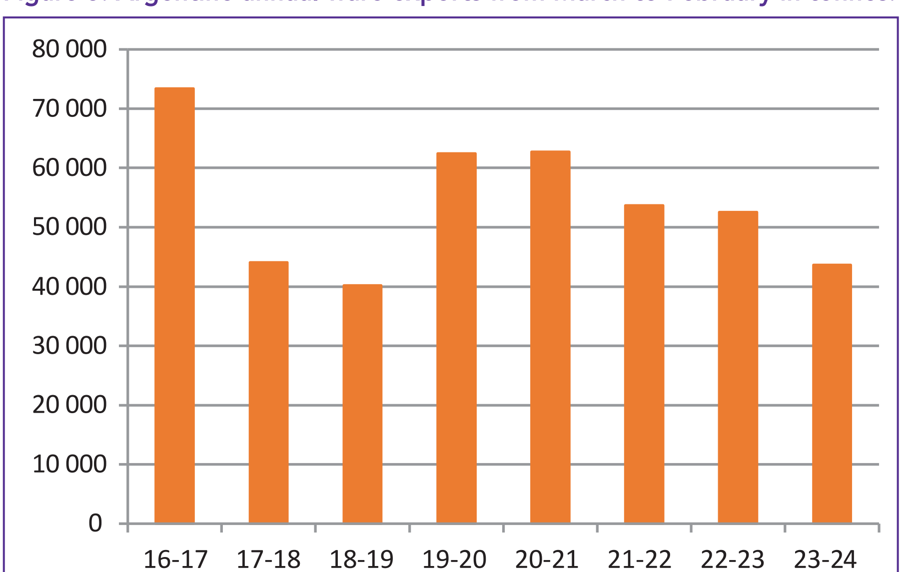
India: Busy January

India's processed potato exporters had a busy January with sales of 6 294 tonnes, marking a 171.2% increase from last year. Although January's sales were down by 8 000 tonnes from December's record sales of 14 319 tonnes, the significant size of January's business illustrates how much India's potato processing industry has expanded. While the heavy rains in December and February raised concerns regarding the kharif crop, the size of the 2022/23 crop helped processors keep their export prices competitive.

The Philippines and Thailand are the largest customers for India's fry exports, with annual fry exports up 33.6% at 120 050 tonnes. The Filipino business has increased by 38.5% over the past year, while the Thai business is up by 24.3%. In January, Thailand surpassed the Philippines to become India's largest customer, purchasing 1 917 tonnes of fries for its tourist season. The Thailand price was 6.6% lower than a year ago. Other buyers included Saudi Arabia, Malaysia, Indonesia, and Japan.

The first estimates of the 2023/24 harvest were released, and are expected to be slightly lower at 58.99 million tonnes, with West Bengal experiencing shortfalls.

Figure 5: Argentine annual ware exports from March to February in tonnes.



World Potato Congress

This event will be held in Adelaide, Australia in June 2024. The theme of the congress is "Old world meets new", and aims to highlight the rich historical legacy of potatoes, the innovative technology applied in their production, and the significant investments in research and development.

The event will commence on 23 June with a reception, followed by various sessions on potato production, trade, food security, and marketing. Mathias Cormann, secretary-general of the Organisation for Economic Co-operation and Development, will address the congress on Monday, 24 June. The focus will shift to technical issues on 25 June, including enhancing yield and quality and the use of genetic resources. There will also be an opportunity to celebrate International Potato Day on 30 May for the first time.

The Congress has been at the forefront of the campaign for a day to recognise the potato. On 26 June, there are tours to visit potato farms, research facilities, and the region's famous vineyards. The congress takes place every two years, with the previous event having been held in Ireland in 2022, and the next in Kenya in 2024.

For more details on the World Potato Congress in Australia, visit *www.tcc.eventsair.com/world-potato-congress-2024/*.

International Day of the Potato

The United Nations' Food and Agriculture Organization recently released information regarding the International Day of the Potato, which will be celebrated on 30 May this year. It was established following efforts by the World Potato Congress and member countries such as Peru, Belgium, Ireland, and Australia. The event provides an opportunity to build on the International Year of the Potato, which was last observed in 2008, and highlights the crop's significance in the fight against hunger and poverty, as well as addressing environmental challenges in agri-food systems.

The day will also recognise the vital role of small-scale family farmers, particularly women, in preserving the crop's diversity, and will celebrate the cultural and culinary aspects of its cultivation and consumption. A brief history of the potato has also been published, highlighting its origins in the Andes and how it has supported various civilisations throughout history. Potato growers, potato lovers, and value chain companies are encouraged to celebrate the day with public events and activities.

For more world potato market information, visit *www.potatoes.co.za*.

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