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Netherlands

Frozen Potato Products

Annual - Revised

2006

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Report Highlights:

This year's potato harvest is lower and of poorer quality than proceeding years. The Office of Agricultural Affairs in the Hague expects extra export opportunities for US finished potato products.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
The Hague [NL1]
[NL]

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Executive Summary

This year's potato harvest is expected to be the lowest since 1998. In addition, the quality is poor and therefore there will be a high percentage that is not usable. This is the direct result of the unfavorable weather conditions during the months of July and August of this summer. As a result, the Office of Agricultural Affairs in the Hague expects extra export opportunities for US finished potato products in not only markets outside the EU but potentially also within the EU.

PSD Table

Country Commodity	Netherlands									UOM
	Potato Products, Frozen									
	(MT, Net Weight)									
	2004	Revised		2005	Estimate		2006	Forecast		
			Post			Post			Post	
Market Year Begin	USDA Official	Post Estimate	Estimate New	USDA Official	Post Estimate	Estimate New	USDA Official	Post Estimate	Estimate New	MM/YYYY
		07/2004	07/2004		07/2005	07/2005		07/2006	07/2006	
Beginning Stocks	3513	3513	2000	2000	2044	0	0	0	0	(MT, Net Weight)
Production	1371100	1370376	1300000	1300000	1390000	1380000	0	0	1200000	(MT, Net Weight)
Imports	105400	137790	115000	115000	122000	68000	0	0	200000	(MT, Net Weight)
Total Supply	1480013	1511679	1417000	1417000	1514044	1448000	0	0	1400000	(MT, Net Weight)
Exports	1183806	1274635	1140000	1140000	1295000	1170000	0	0	1125000	(MT, Net Weight)
Domestic Consumption	294207	235000	277000	277000	219044	278000	0	0	275000	(MT, Net Weight)
Ending Stocks	2000	2044	0	0	0	0	0	0	0	(MT, Net Weight)
Total Distribution	1480013	1511679	1417000	1417000	1514044	1448000	0	0	1400000	(MT, Net Weight)

In previous years FAS/The Hague used www.hpa.nl statistics for trade figures, however, as of MY 2005 www.gtis.com/gta statistics have been used;

Production

FAS/The Hague reported in GAIN NL6038 that this year's harvest was expected to be lower and of poorer quality than preceding years. The Dutch Central Bureau of Statistics (CBS) recently published preliminary figures on this year's potato harvest. The potato harvest (seed potatoes and potatoes for consumption) 2006 will be 4.3 billion kilograms, 5% lower than last year's and the lowest harvest since 1998. The usable harvest will be a mere 3.9 billion kilograms. Approximately 10% of this year's production cannot be used for further processing by the food or feed industry, this applies especially for potatoes produced on clay soil. This high percentage is the direct result of the unfavorable weather conditions during the months of July and August of this year.

Table 1: Harvested Acreage for Starch, Consumption and Seed Potatoes

	Year	Harvested Acreage (Ha)	Yield Kg/Hectare	Total Production Metric Tons
Total Potatoes	2001	161,665	43,400	7,015,253
	2002	164,308	44,800	7,362,738
	2003	158,518	40,800	6,468,762
	2004*	162,821	46,000	7,487,652
	2005*	155,558	43,600	6,776,860
	2006**	152,218	40,450	6,157,188
Seed Potatoes (sandy and peat soil)	2001	5,974	33,900	202,659
	2002	4,809	30,400	146,204
	2003	3,855	33,000	127,236
	2004*	3,594	31,000	111,262
	2005*	3,516	33,500	117,839
	2006**	3,343	28,639	95,740
Seed Potatoes (clay)	2001	32,772	35,800	1,173,953
	2002	33,939	35,000	1,188,754
	2003	35,420	36,100	1,279,786
	2004*	35,699	36,500	1,301,236
	2005*	35,720	33,400	1,191,759
	2006**	36,794	32,345	1,190,094
Potatoes for consumption (sandy and peat soil)	2001	20,752	50,400	1,046,493
	2002	26,319	50,800	1,336,877
	2003	21,964	45,900	1,007,499
	2004*	22,042	53,600	1,181,821
	2005*	19,227	49,500	951,834
	2006**	18,279	42,307	773,329
Potatoes for consumption (clay)	2001	54,298	46,900	2,545,292
	2002	50,643	51,500	2,610,554
	2003	48,485	46,000	2,232,445
	2004*	50,275	52,200	2,623,078
	2005*	46,406	48,700	2,261,184
	2006**	47,802	47,237	2,258,025
Starch Potatoes (all)	2001	47,869	42,800	2,046,856
	2002	48,598	42,800	2,080,359
	2003	48,794	37,300	1,821,796
	2004*	51,211	44,300	2,270,255
	2005*	50,688	44,500	2,254,244
	2006**	46,000	40,000	1,840,000

* revised figures

**Preliminary figures

Source: www.cbs.nl, industry contacts, FAS/The Hague

The harvested acreage of potatoes for this year is estimated at over 152 thousand hectares, 2 percent less than last year. This estimate is based on actual planted acreage; the historical average of harvested acres is ninety-seven percent and no deviations are expected for this year. Total potato production in the Netherlands includes not only the production of potatoes for consumption and seed potatoes, but also starch potato.

Processing

Of the total production of potatoes for consumption in the Netherlands in MY 05/06 (3.2 million MT) over sixty percent or 2.0 million MT has been used for further processing. In addition, almost 1.2 million MT potatoes were imported, from neighboring Germany and Belgium, to fully utilize processing capacity of potato processors.

The production of potatoes for consumption for MY 06/07 will be slightly over 3.0 million MT although an estimated 82%, or 2.5 million MT, is usable. Over a quarter is destined for the fresh market and the remaining will find its way to the processing industry.

In previous years, higher imports compensated lower domestic production figures. However, this year not only the Dutch industry suffers from a shortage of usable potatoes, the situation in other main potato producing EU countries (like Germany, Poland, the UK and France) is similar. Processors are already accepting lower quality potatoes than proceeding years (the apparent weight has temporarily been lowered from 360 grams to 345 grams).

Besides the fact that there are less usable potatoes available for the industry this year, there is also a problem with the ability to store the potatoes. Due to the poorer quality of the product, farmers don't want to store potatoes and have the risk that the product starts rotting. Another unfavorable factor for storing potatoes this year has been the relative warm October and November of 2006. At this point the growers and the industry are working at full capacity to process as many potatoes as possible. This could have an impact on the supply of raw material to the processing industry halfway 2007.

The main question at this point is what the effects will be of this low usable harvest in West and Central Europe. Will prices of the fresh and processed products go up due to lower usable raw material? Will the industry further lower their standards in order to maximize the processing capacity and have enough finished product? Will the industry start looking at seed potatoes to use as raw material? Or maybe the industry will start sourcing finished products from other potato producing regions, like North America, in order not to lose their important markets. Exchange rates, transportation costs and import duties will dominate this decision making process.

Table 2: Output of Potato Products, 1,000 MT

	Jul 03 – Jun 04	Jul 04 – Jun 05*	Jul 05 – Jun 06*	Jul – Sep 05	Jul –Sep 06
Pre-fried products	1,361	1,371	1,380	317	285
Other products	358	353	346	79	85
Total potato products	1,719	1,724	1,726	396	370

Marketing years run from July until June

* Revised figures

Source: www.hpa.nl

Industry

McCain, Lamb Weston and Simplot dominate the frozen pre-fried potato products industry. For more information, go to GAIN NL5031.

Consumption

No major changes are expected for this marketing year. For more information, go to GAIN NL5031.

Trade

The Netherlands, Canada and the US dominate the international trade in frozen potato products. Over 85 percent of total production in the Netherlands is exported. Total export volume increased by 3 percent from 1,189 thousand MT in 2004 to 1,220 thousand MT in 2005. Almost 90 percent of total exports is exported to other EU countries, export markets outside the EU are slowly gaining market share.

Export Trade Matrix

Country Netherlands

Commodity Potato Products, Frozen

Time Period	Jan-Dec	Units:	1,000 MT
Exports for:	2004		2005
U.S.	4	U.S.	3
Others		Others	
UK	358	UK	345
France	184	France	169
Germany	163	Germany	161
Spain	73	Spain	77
Italy	60	Italy	59
Sweden	47	Sweden	49
Saudi Arabia	43	Saudi Arabia	46
Ireland	37	Ireland	37
Belgium	22	Belgium	30
Other EU countries	8	Other EU countries	21
Total for Others	995		994
Others not Listed	194		226
Grand Total	1189		1220

Source: www.gtis.com/gta (071010+200410)

NOTE: Exports of Dutch products may be somewhat lower since export figures may capture products produced in neighboring countries as well.

The Office of Agricultural Affairs in the Hague expects that for the coming year export opportunities for US frozen potato products will be found in markets outside the EU and maybe also within the EU due to this year's low usable harvest.

Tariff list:

HS Code	Tariff	Link
200410	14.4%	http://hbi.douane.nl/tarieven/aktueel/M/S4/C20/Chapter_20_6FS.htm
071010	14.4%	http://hbi.douane.nl/tarieven/aktueel/M/S2/C7/Chapter_7_9FS.htm

Source: www.douane.nl

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VISIT OUR WEBSITE: The FAS/The Hague website is now accessible through the U.S. Embassy homepage. To view the website, log onto <http://www.usembassy.nl/fas.html>. The FAS/The Hague office can be reached via e-mail at: agthehague@usda.gov