

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Impact of COVID 19 on the Dutch Potato Industry

**Country:** Netherlands

**Post:** The Hague

**Report Category:** Agricultural Situation, Potatoes and Potato Products

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**Report Highlights:**

Due to the temporary closure of restaurants and fast food chains worldwide, Dutch producers of potatoes and products are faced with full warehouses. The Netherlands is one of Europe's largest producers and one of the world's largest exporters of frozen pre-fried potato products (mainly French fries) and heavily depends on export markets. An estimated 1.5 million MT of the 2019 ware potato harvest is still in storage. There are several initiatives the industry has undertaken to find an alternative for almost one million MT. In addition, the Dutch government announced a €50 million program to compensate ware potato growers for the effects of the corona virus

## General

The Netherlands, together with Germany, France, Poland, and Belgium, dominates the production of ware potatoes in the European Union (EU). The Netherlands is also one of Europe's largest producers and one of the world's largest exporters of frozen pre-fried potato products (mainly French fries). Over 90 percent of its production is exported, the majority (70 percent) of which is sold to other European markets (including the United Kingdom, Germany, France, Italy, and Spain). The remaining 30 percent is exported to third-country markets such as Saudi Arabia, the United Arab Emirates, Brazil, Russia, and Japan. Exports to emerging markets in South East Asia, the Middle East, and Latin America have been driven by the expansion of fast food outlets in those regions.

The Dutch Organisation for Agriculture and Horticulture (known in the Netherlands as the Land- en Tuinbouw Organisatie Nederland, or LTO) estimates that Dutch growers of ware potatoes have been damaged €167-€217 million (\$186-\$241 million) as a direct result of the worldwide lockdowns and the temporary closure of many HRI-foodservice outlets. In the Netherlands alone, overall sales of French fries, which are made from ware potatoes and generally consumed outside of the home, have dropped by 60-70 percent. Growing sales via Dutch food retail channels during the past few weeks had only a minor impact.

Roughly three-quarters of Dutch ware potato production is produced under contract (meaning that there is an obligation between potato processors and potato growers to respectively buy and sell potatoes under set conditions such as quality, quantity and price). In the Netherlands, McCain, Lamb Weston/Meijer, Aviko, and Farm Frites are the largest potato processors. Some have stated that they will lower their production of potato products due to storage capacity limitations while the global demand for French fries has dropped.

Shipping pre-fried potato products has also recently become more expensive. Both China and Latin American countries are reportedly shipping less products to Rotterdam which is resulting in a lower number of empty refrigerated shipping containers which are normally used by potato processors to ship finished frozen potato products to export markets.

Dutch growers of ware potatoes are also being challenged by full warehouses as an estimated 1.5 million MT of the 2019 ware potato harvest is still in storage. Growers that grew ware potatoes without contracts have been the hardest hit as there is no obligation for a potato processor to buy their product. Growers are reportedly quite concerned about their inability to identify buyers, particularly as longer storage periods means higher prices if these costs are to be recovered. If, for argument sake, one third of the current stock in storage can still be processed this season, this would mean that an alternative needs to be found for the remaining one million MT before the 2020 harvest (later this year).

There are several initiatives the industry has undertaken in these challenging times. Some farmers are offering their ware potatoes for fresh table consumption through social media and are donating them to food banks. Others are looking at alternative end-users (e.g., using ware potatoes for the production of bioethanol, starch, and animal feed). Potato processors, Farm Frites and Lamb

Weston/Meijer, recently announced a plan to deliver frozen French fries to Dutch hospitals – as a way of thanking the staff.

The Dutch umbrella organization for arable farming (known as BO Akkerbouw), has also launched a campaign called ‘Benefrietjes’ (a play on the words benefits and French fries in Dutch), encouraging consumers to eat more fries or to treat other consumers to fries.

**Fig. 1 – “Eat Fries or Given Them as a Treat”**



Source: <https://benefrietjes.nl/>

In an effort to reduce some of the pressure on the industry, the Dutch government announced a €50 million (\$54 million) program to compensate ware potato growers who have product in storage that can no longer be processed into French fries this season (NOTE: compensation is anticipated to be 40 percent of the average market value for the period September 2019 to February 2020, or \$0.05-\$0.06 per kg). Industry sources reportedly believe that the government’s compensation plan is more attractive for growers than selling ware potatoes to non-traditional users. Nevertheless, given the challenges the industry is facing, industry sources believe that the ware potato planted area in the Netherlands will drop by an estimated ten percent this year.

**Attachments:**

No Attachments.