

Potato market
developments and EU-25
prospects

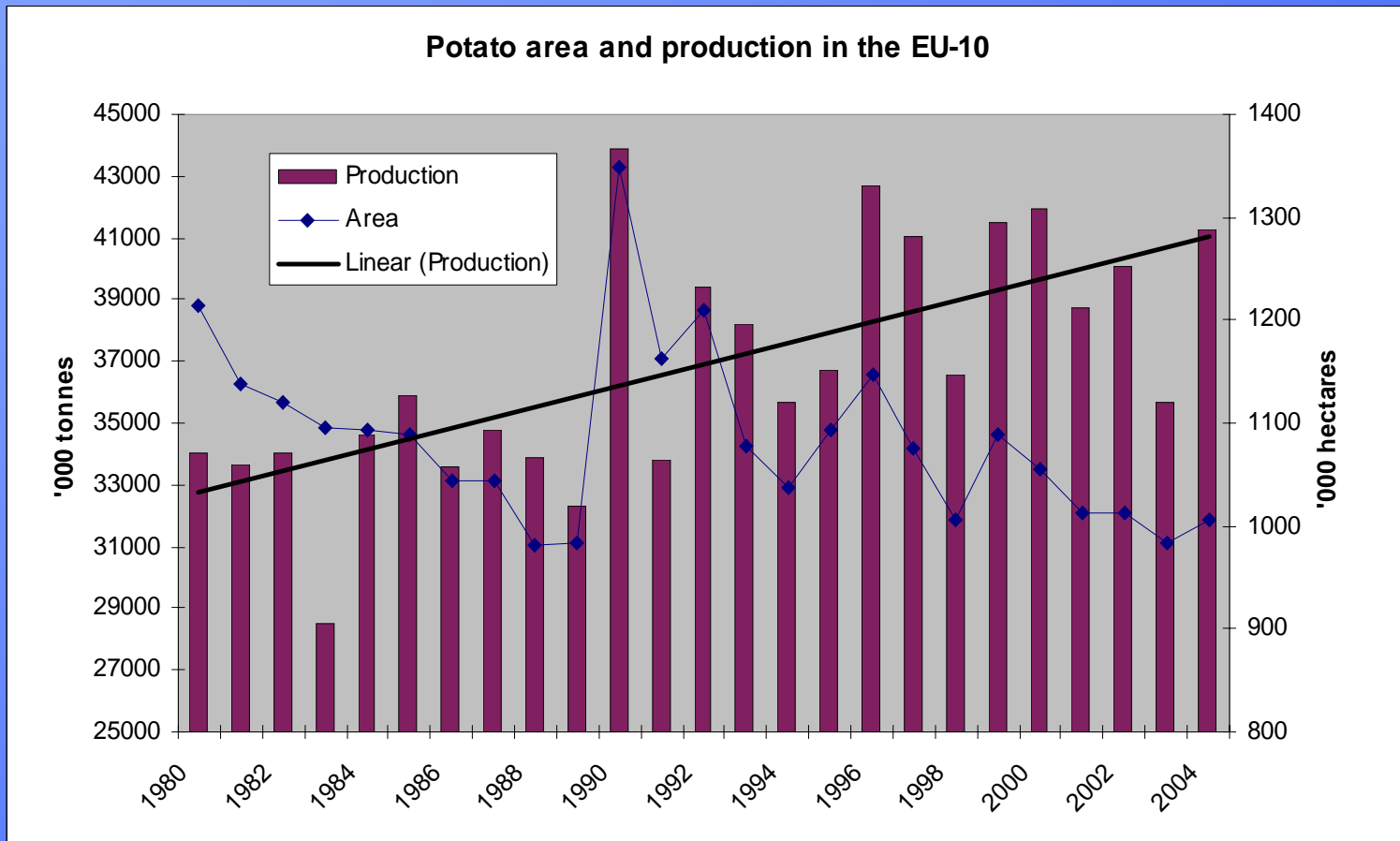
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1) Cyclical production and prices

- EU-10 as at 1981 with accession of Greece
- Distortion of East Germany in 1990-1992
- Plantings rise after years of poor harvests (and high prices)

Plantings respond to production



2) The new member states

- Poland 13.7mt, total EU-25 18.5mt
- Limited short term impact
- Longer term potential given western investment

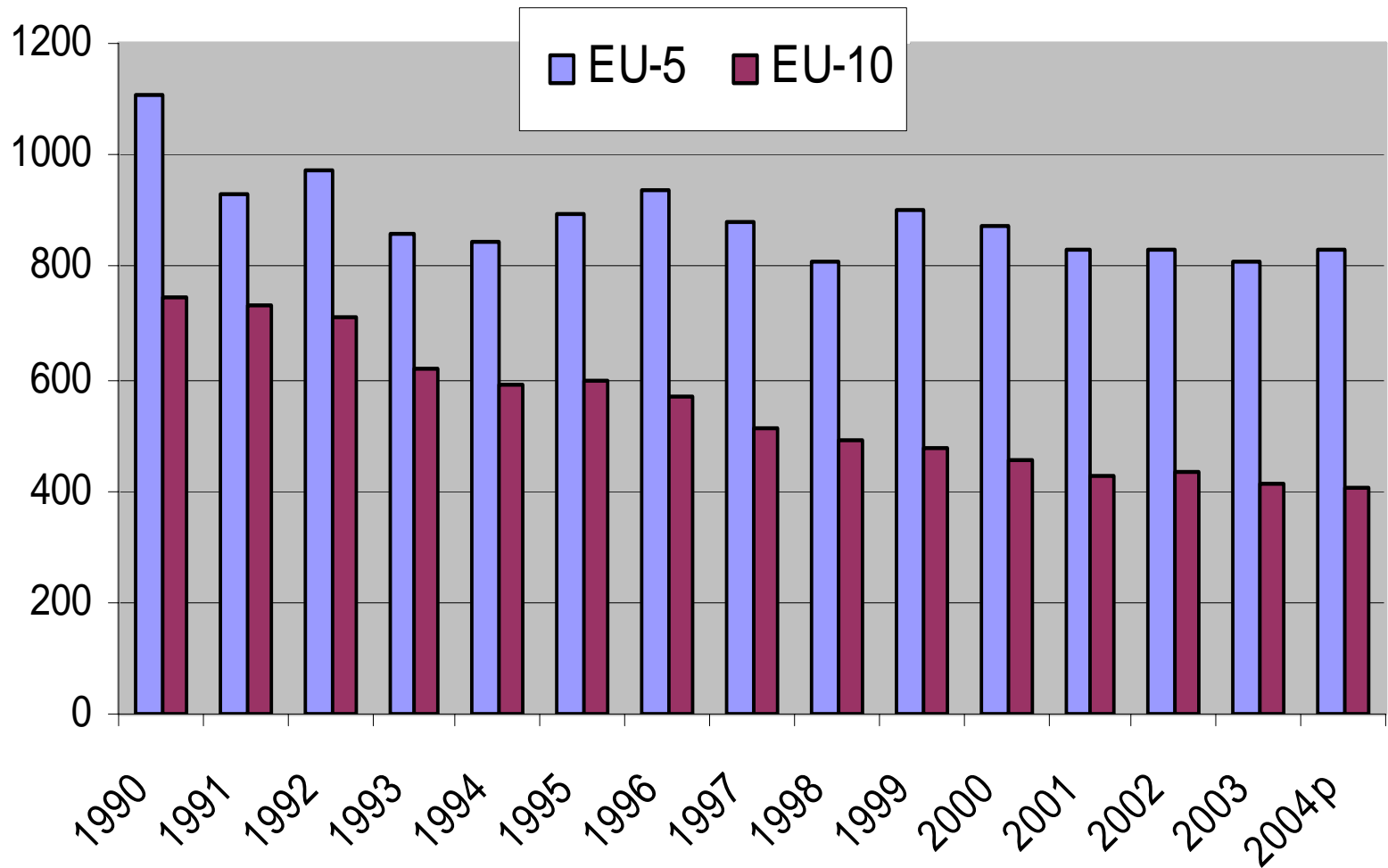
Potato production in 10 NMS

	2004p	2003	2002	2001	2000
Area ('000ha)					
Total	971.9	1 040.0	1 096.4	1 505.5	1 602.4
Poland	713.0	765.8	803.4	1 194.2	1 250.6
Others	258.9	274.6	293.0	311.3	351.7
Yield (t/ha)					
Total	19.1	17.4	19.0	16.0	18.9
Poland	19.3	17.9	19.3	16.2	19.4
Others	18.5	15.9	18.0	15.0	17.4
Harvest ('000t)					
Total	18 525.4	18 088.0	20 787.3	24 048.4	30 339.3
Poland	13 746.0	13 731.5	15 239.0	19 378.9	24 232.4
Others	4 779.4	4 356.5	5 263.4	4 669.6	6 106.9

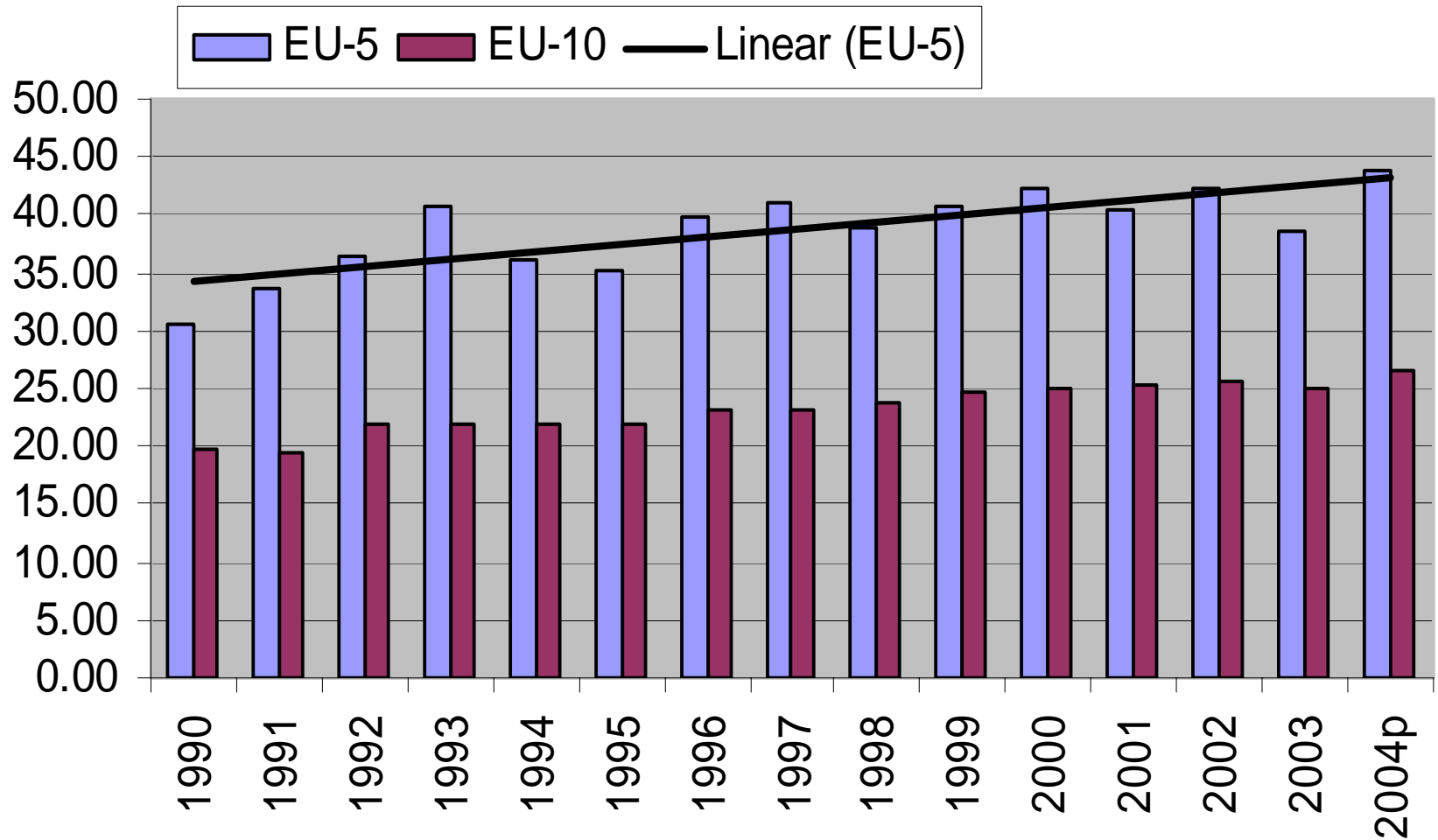
3) Trends within EU-15

- Concentration in five central countries
- Higher yields per hectare in EU-5
- Unlikely to continue in EU-25 as NMS gain market niches

Potato plantings by EU-5 and EU-10 (hectares)



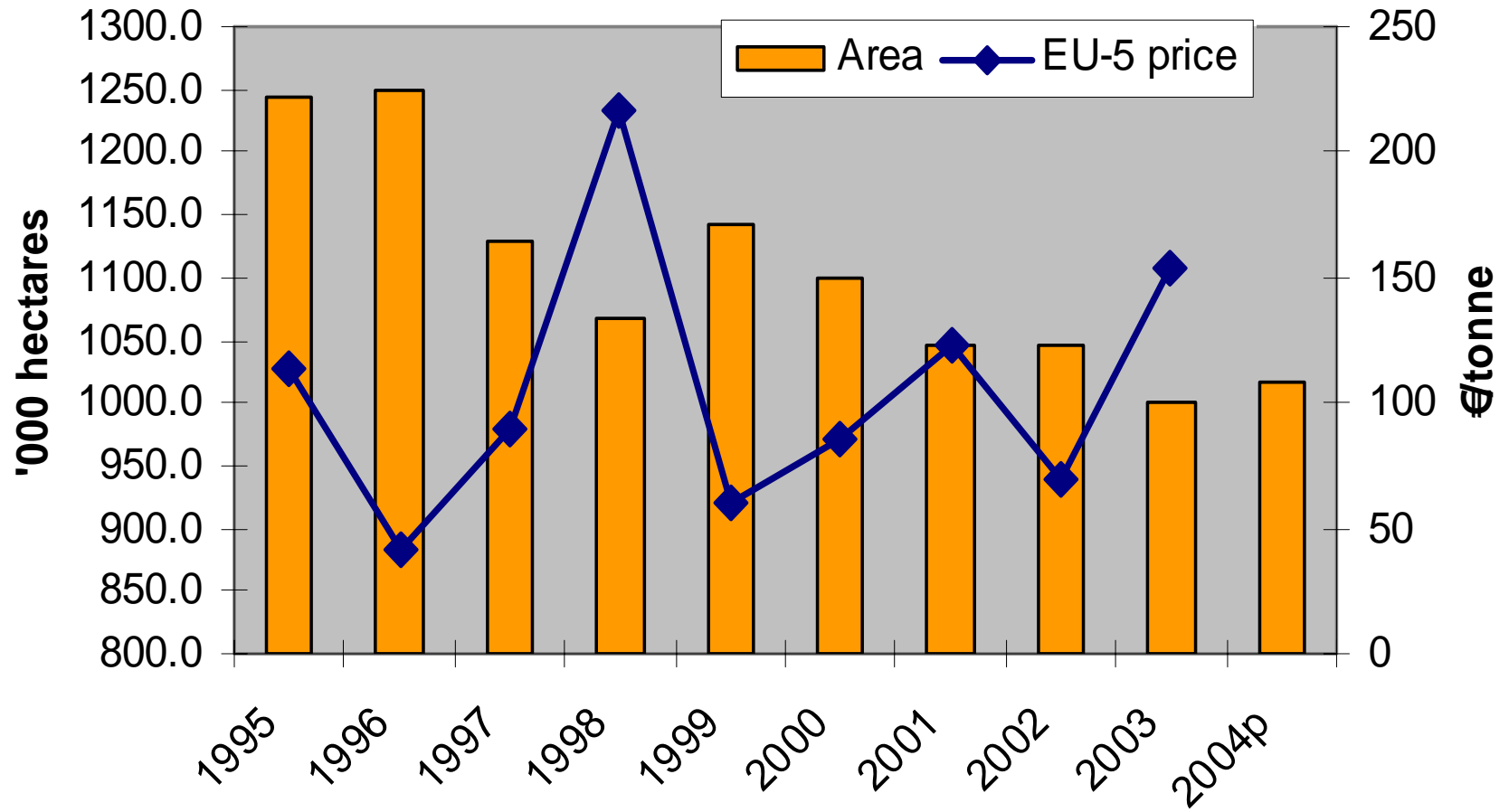
Average potato yields in EU-5 and EU-10 (tonnes/hectare)



4) Influence of price

- Exclude starch potatoes
- EU-5 average of main quotations
- Averaged October to mid-May
- EU-15 area declining
- Revival after shortage year
- Yields higher, market shrinking

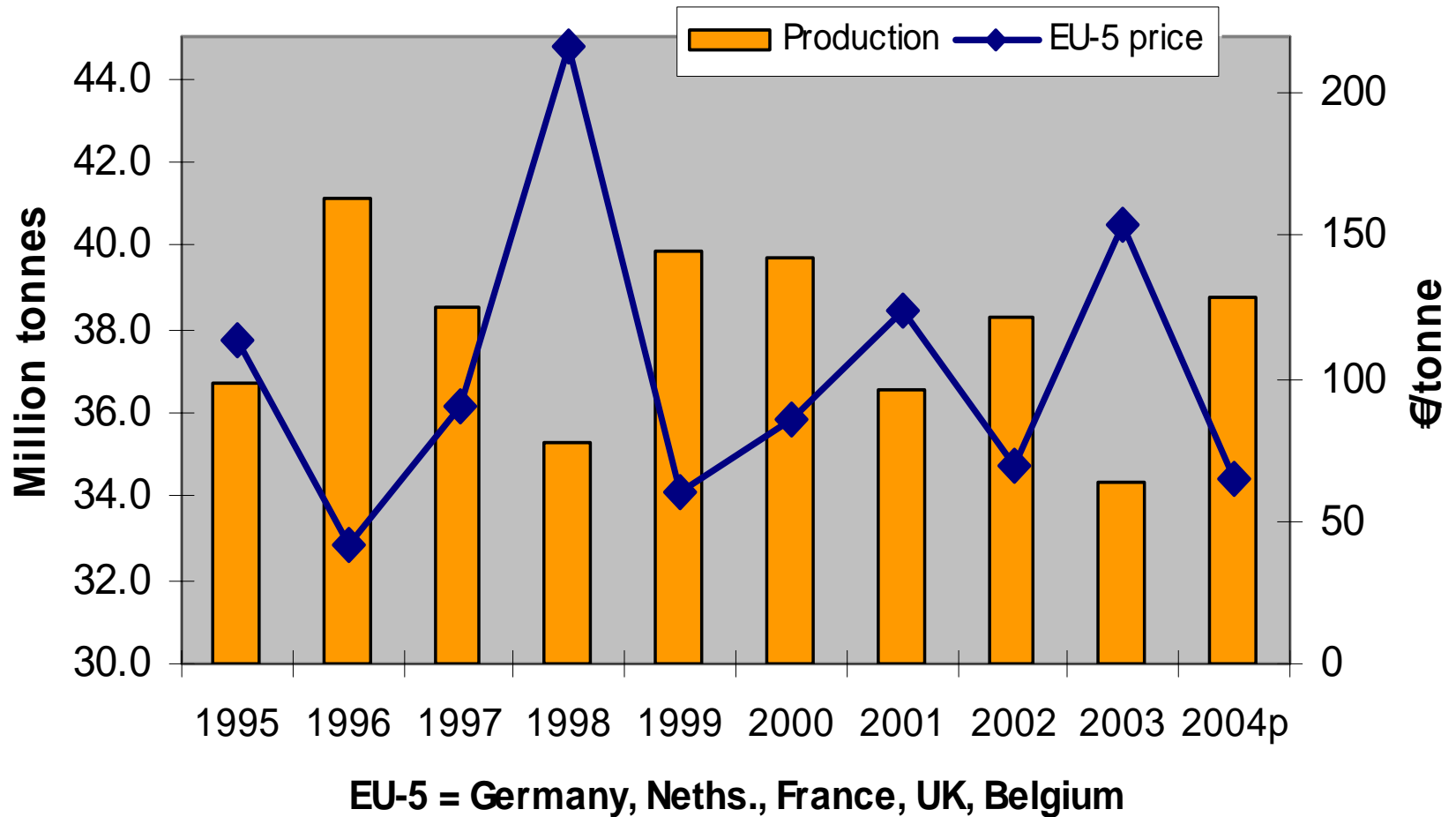
EU-15 area of ware potatoes and EU-5 average price



5) Supply and demand

- Non-CAP, so price fluctuation
- EU-5 average of €65/t forecast
- Average was €159/t in 2003/04
- Forward contracting helps to limit annual fluctuations

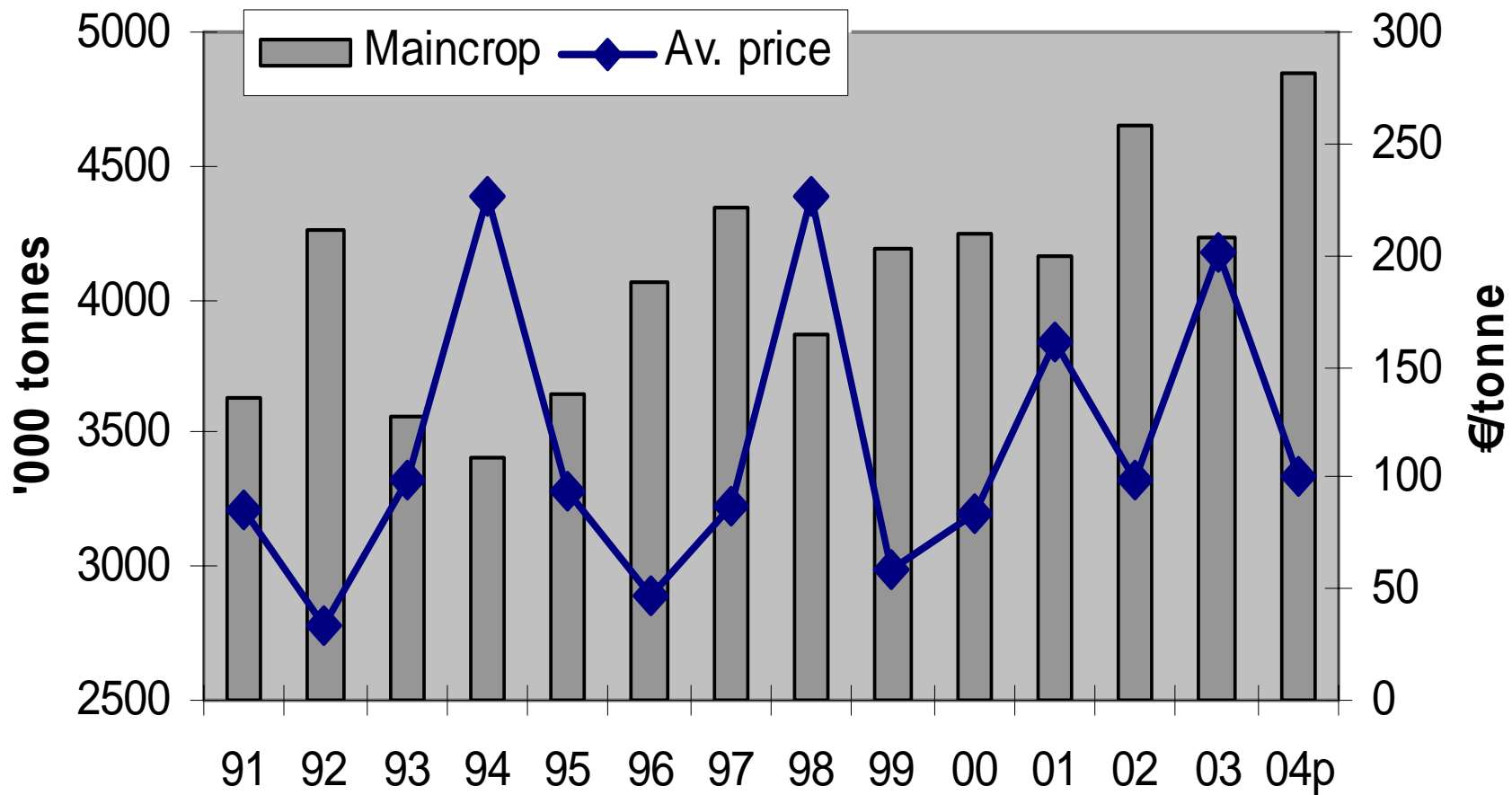
EU-15 ware potato production and EU-5 average price



5) National trends

- France doing particularly well
- Production up over past 14 years
- Market orientation, prices good
- Retailers set high quality standards
- Good returns for professionals
- Processing of high-value products

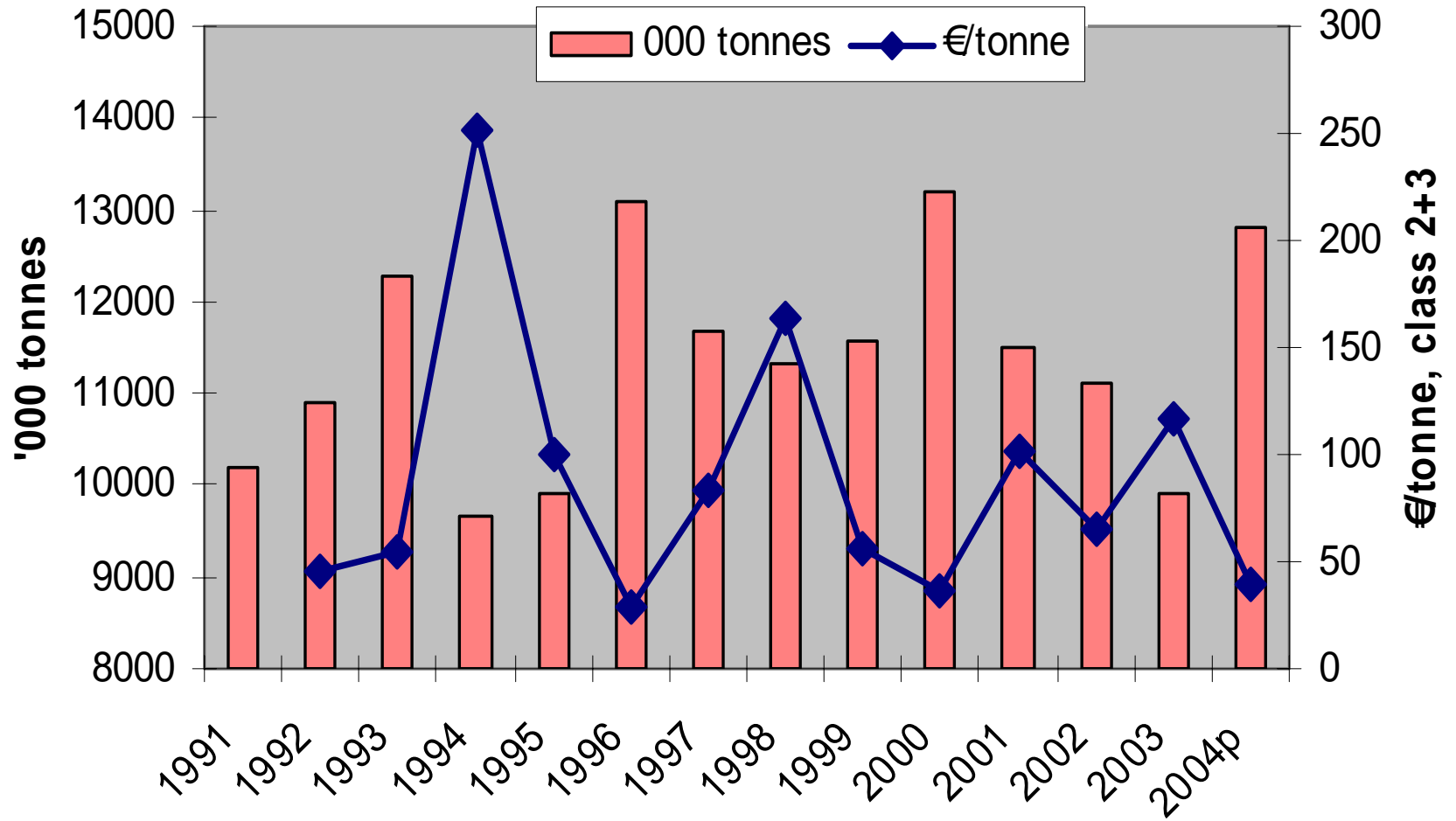
French maincrop production and average price



German contrast

- Huge harvests every four years
- Producer prices frequently poor
- Discount retailers dominate
- Emphasis on volume/low price

German potato harvest and average price



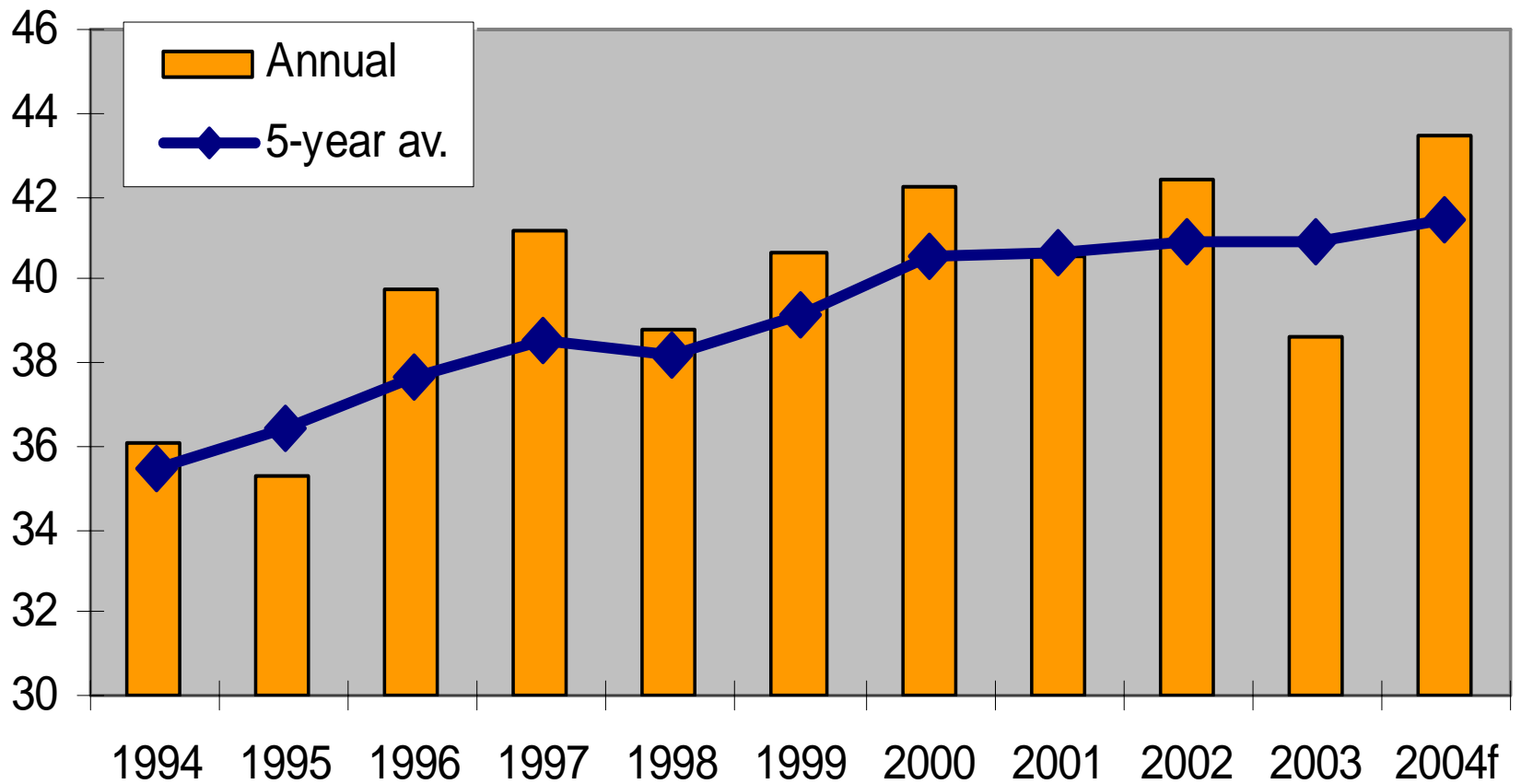
6) The outlook

- Probable 4-5% cut in EU-15 area
- But EU-10 cut probably 8%
- EU-5 cut only 2.5%
- Total 0.970m ha (EU-5: 0.638m ha. EU-10: 0.332m ha)

Yield factors

- Climate impossible to predict
- EU-5 average yield levelling out
- Growers sacrificing yield for quality premium?
- EU-5 trend yield 42.5 t/ha 2005

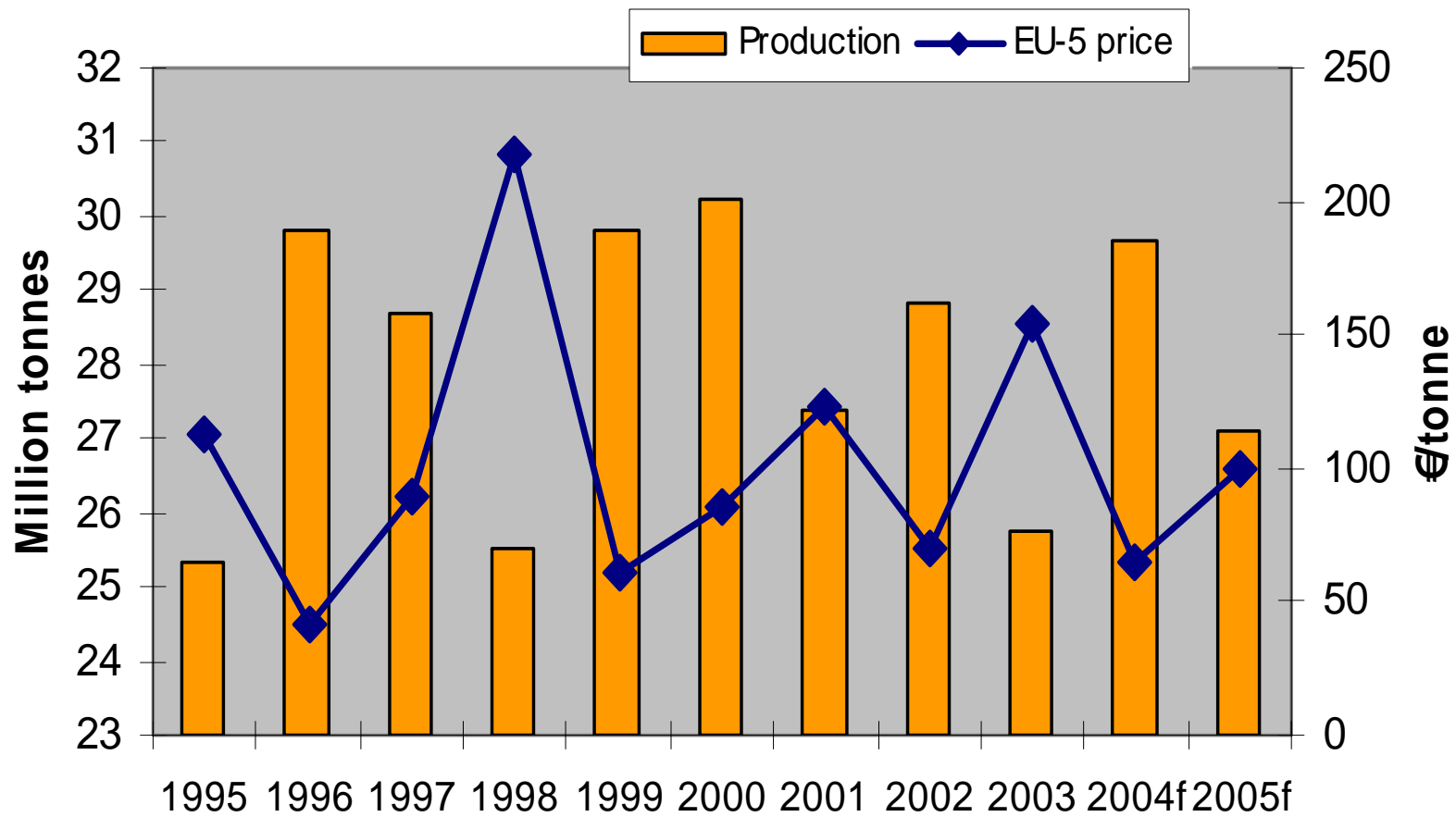
Average EU-5 potato yields (tonnes/hectares)



Harvest forecast

- 27.1mt EU-5 harvest at trend yield
- 2.87mt down on 2004, 1.34mt more than in 2003
- Crop would meet processing/fresh market demand
- Provide a reasonable return

EU-5 production and price of ware and seed potatoes



EU-15 harvest

- Trend yield 26 t/ha for EU-10
- Harvest of 8.63mt (2004, 9.10mt)
- EU-15 harvest would be 35.75mt
- 3.3mt less than in 2004
- EU-5 average price would then be around €100/t in 2005/06
- But the climate has the final word