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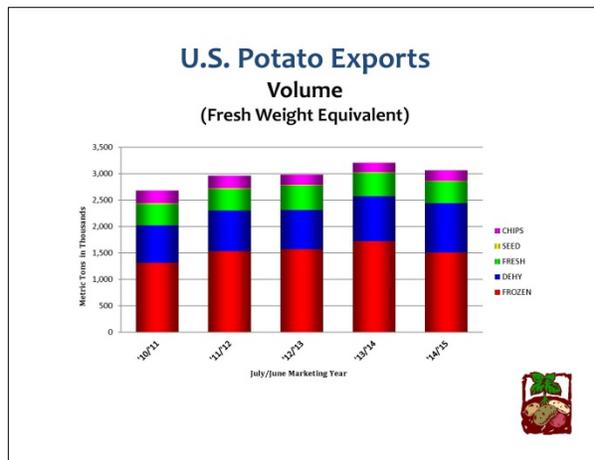
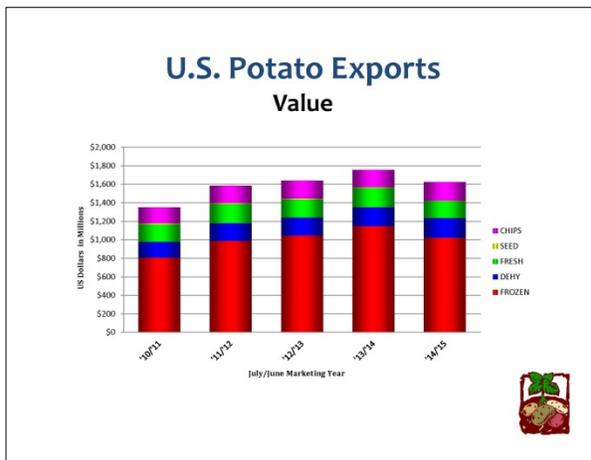
Press Release

FOR IMMEDIATE RELEASE

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U.S. Potato Exports Decline for First Time in Over 10 Years

External Factors Combine, Causing Downturn



DENVER (September 9, 2015)—Total U.S. potato exports were \$1,624,964,108 for FY14 (July 1, 2014 – June 30, 2015) marketing year. This is 7 percent below the previous year but still the third highest level ever. The volume was off 5 percent on a fresh weight equivalent (FWE) basis at 3,061,166 metric tons (MT) (67,529,326 hundredweight (cwt)). This is still the second highest volume of potato exports ever for the U.S.

There were many external factors impacting the year-over-year decline; however, the most important were excess European supply and resulting low prices, the strong dollar and the slowdowns at U.S. west coast ports from October 2014 – February 2015. While frozen, fresh and seed exports were down, dehy and chip exports were actually up.

Frozen Product

The most significant losses were in the frozen product area with value down 11 percent, a loss of \$126 million to \$890 million, and volume off 12 percent, a decline of 211,824 FWE MT (4,684,750 cwt of raw), for a total of 1,513,622 FWE MT (33,390,506 cwt of raw). This sector faced the most increased competition from EU product and was the hardest hit by the port issues.

The market having the largest impact on the U.S. total was Japan, which still accounts for 25 percent of total frozen exports, with volume declines of 23 percent. World exports to this market were off 13 percent, with the EU and New Zealand registering the only gains.

Exports to the second largest market for the U.S., Mexico, were up 1 percent in volume and 6 percent in value. This market was not impacted by the port issues and is dominated by the U.S. and Canada. Canada did increase market share based on exchange rate factors. Korea, now the third largest market for U.S. frozen potatoes, declined 9 percent in volume and 7 percent by value. The overall market was actually up slightly with the EU, China and Canada picking up the growth from the U.S. losses. Other notable declines in U.S. exports were to China, -21 percent; Taiwan, -29 percent; Malaysia, -27 percent; and Hong Kong, -22 percent. There were other gains, most notably to Canada, 23 percent; Australia, 44 percent; and Central America, 16 percent.

Dehydrated Potatoes

U.S. exports of dehydrated potatoes increased 3 percent in value to a record \$212 million and 10 percent in volume to 933,777 FWE MT (20,599,121 cwt raw) also a record. On a fresh weight equivalent basis, dehy now accounts for 30 percent of total potato export volume.

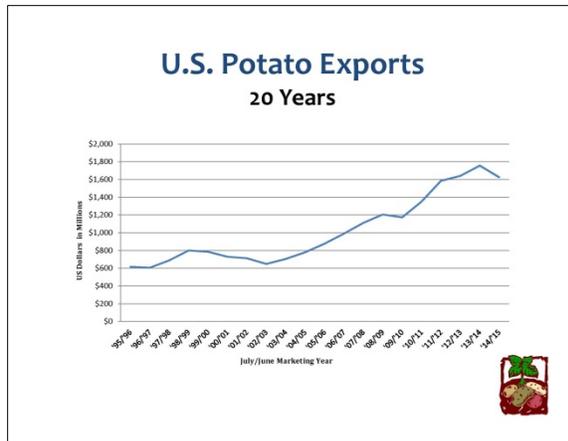
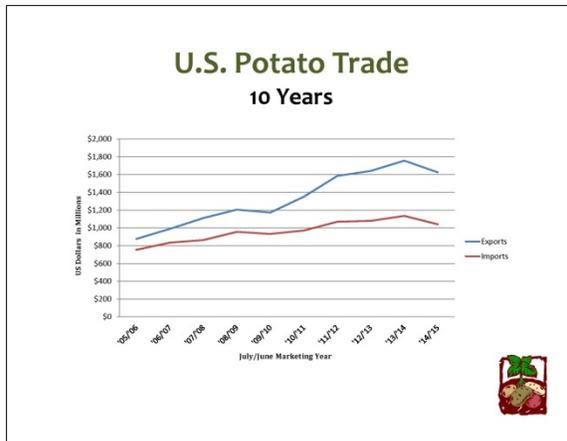
The top market for dehy exports is Canada, a portion of which are then exported to other markets, mainly in Asia. The second largest market is Japan which grew 54 percent in volume to 34,214 MT of finished product. Mexico is third and had 1 percent growth this past year to 23,622 MT. A good portion of the exports to this market go to fabricated chips which are then re-exported to the U.S.

Other growth markets were China, 46 percent; Australia, 11 percent; S. Korea, 66 percent; and Indonesia, 7 percent. There were declines in exports to the Philippines, -24 percent; Chile, -38 percent; Malaysia, -18 percent; and the UK, -12 percent.

Fresh Potatoes

The value of U.S. exports of fresh potatoes (table-stock and chip-stock) declined by 12 percent to \$183 million. The volume decline was only 7 percent to 407,159 MT (8,981,928 cwt) as unit values increased.

Canada remains far and away the largest market for fresh potatoes at 48 percent of the total. Therefore, the 18 percent reduction in shipments to Canada was the leading factor in the decline. In fact, good growth was made in shipments to other key markets. Much of the decline in



shipments to Canada was caused by reductions in purchases of chipping potatoes for processing in Canada. The second largest market remains Mexico which grew by 15 percent to 82,394 MT, but is still severely limited by market access restrictions.

The third largest, South Korea, grew by 28 percent to 24,390 MT; these gains were made exclusively from chipping potatoes. Japan, also exclusively chipping potatoes, had a slight decline of 3 percent.

The U.S. exports both chip-stock and table-stock to Taiwan where there was a 20 percent increase in sales last year. Malaysia, also a mixed market, had a decline of 21 percent in U.S. exports, despite a 25 percent increase in total exports to this market. The EU claimed almost all of this increase.

Despite lingering market access issues in some markets, exports to Central America increased by 11 percent. This increase was at the expense of exports from Canada as the overall market shrunk by 13 percent.

Seed Potatoes

Exports of seed potatoes were down 32 percent in value and 24 percent by volume. However, misclassification of fresh potatoes as seed potatoes, and vice versa, often skews these figures.

Declines in exports occurred to Uruguay, Brazil and Nicaragua. All three countries have lingering market access issues which contributed to these declines. Exports increased to the Dominican Republic and Sri Lanka.

Moving Forward

Recovery in growth of frozen exports will depend on the ability of the U.S. in recovering lost sales and market share caused by the west coast port issues. A more balanced supply situation in the EU and U.S. should help with this process, though the continued strong dollar will hamper

U.S. efforts. The USPB will continue to implement numerous programs in the target markets to regain these sales, including promotions, technical services and “Why Buy US” training.

Continued growth in dehy exports will depend on the USPB continuing to develop new demand and U.S. processors being able to meet this demand at competitive prices despite the strong dollar. Prospects for increased exports of fresh potatoes outside of Canada look very good, especially if market access issues can be resolved or improved. The large chipping potato crop in Canada will continue to hamper exports to that market. Seed potato export increases hinge upon improved market access and increased efforts by U.S. shippers.

For more information on the USPB as the nation’s potato marketing organization, positioned as the “catalyst for positive change,” and the central organizing force in implementing programs that will increase demand for potatoes, please visit www.uspotatoes.com. In an effort to enhance diversity of the Board, USDA encourages women, younger growers, minorities, and people with disabilities to seek positions on the board.

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David Fairbourn is Manager, Industry Communications & Policy, at the United States Potato Board in Denver. The mission of the USPB is to increase demand for potatoes and potato products through an integrated promotion program, thereby providing U.S. producers with expanding markets for their production. David can be contacted at 303-369-7783 or david.fairbourn@uspotatoes.com. For complete information about the programs, ROI results, resources and tools available to all members of the industry through the USPB, please visit www.uspotatoes.com. The United States Potato Board—Maximizing Return on Grower Investment.