Will better contract prices be high enough to cover growing potato demand in the future?

Potato growers acknowledge and appreciate better contract prices.

All inputs have shown rising prices in the last months, going from energy to fertilizers, plant protection products and construction prices but also machines and spare parts! Costs of renting a ha of land not only have gone up but “potato land” is sometimes impossible to find! Very recent tightening of renting conditions in Flanders could have an influence on developments in neighbouring Wallonia and France.

The last processor contract prices have just come out, and usually propose higher prices than the first published ones late last year. Prices for delivery ex field are usually higher by 2,5 to 4,0 €/100 kg, depending on countries, processors and/or varieties. Some cover the much higher production costs growers are facing, others not. Some processors, seeing the reluctance of farmers to sign the new contracts have modified their price tables to try to coax some more farmers to sign in!

NEPG urges producers to conduct an accurate cost of production analysis before signing anything. Average production costs give an indication, but individual calculations are needed to make a decision.

Contracts are silent about major issues!

Contract conditions are more important than price tables, but these are usually absent or incomplete. Major lacks in contract conditions are the fact that “force majeure”, burden and risk sharing (climate change consequences, loss of yet more plant protection products) between growers and processors and sustainable development all through the potato chain are usually not mentioned!

With the (coming) new EU regulations on greening agriculture (CAP reform), a whole lot of new challenges are appearing, and potato producers think buyers and the society as a whole should also take on their responsibilities! Besides growers, the rest of the potato value chain has to take up its responsibilities if they want a steady and big enough flow of potatoes…

Higher processors needs, grower reluctancy to answer them

Different companies and processors have been and still are investing in either new or renovated processing infrastructures throughout the NEPG zone. These investments are showing that the long-term development possibilities of the finished products markets are unchanged.

Over the last two decades, the development of the processing potato area has been driven by a growing demand for processed products. Next years could be a turning point: processors still want more and more potatoes, but growers no longer have the possibility to produce more (not enough 'potato land', too high production costs, decreasing yields under the pressure of climate change, etc.). Our "potato world" is moving from a demand crisis to a supply crisis. Will producers be as keen to produce potatoes in the coming years as they were 5 or 10 years ago?

The following organisations are active members of the NEPG (in alphabetical order): ABS (B), FIWAP (producer section) (B), FWA (B), PCA (B), REKA (D), UNPT (F) and VTA (NL).

North-Western European Potato Growers – 28th of January 2022