

War in Ukraine and sky high production costs make growers uncertain



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War in Ukraine is making potato markets hesitant on end of current and upcoming season.

Following the Russian invasion in Ukraine, potato markets have been somewhat hesitating during the last weeks. But there are no reasons for much change in free buy prices or sales of processed products in the European Union and abroad. Processing activity in the NEPG zone is good and running at the maximum of the current possibilities and processors need potatoes!

Nevertheless, there is a certain degree of uncertainty regarding frying oil availability and costs (for the coming weeks and months, for next year), as well as logistical difficulties (drivers and trucks, containers and shipping) and related higher costs.

Sky high production costs and very good cereal and maize prices could influence plantings

Beginning of this year, production cost for the oncoming season were expected to grow by 15 to 20%. Gas, petrol and electricity have seen tremendous prices since the Russian invasion of Ukraine began. The same occurs for fertilizers, mainly for Nitrogen and Potash... And these increases multiplied by 2, 3 or 4 will inevitably have consequences on all the prices of raw material and products entering the potato value chain.

Some area first destined for potato will be sowed by spring cereals, grain maize or sunflower. Some potato growers have made contact with processors with whom they have (or were planning to sign) signed contracts, asking for higher prices or more flexible conditions.

All actors in the potato chain face higher production costs. To make sure that growers get a fair price, traders and processors should be able to sell packed or processed potatoes at higher price to the retail. And consumers will have to pay more too.

Finally, climate change (a dry and hot spring and summer for example) could make things still more complicated...

Looking towards the future

Growers must realize that in spite of this very important crisis, our countries (and others worldwide) will continue to need potatoes and potato products in the future.

Contract conditions (a contract signed means a contract to be respected) and uncertainties in production costs have to be carefully taken into account prior to any decisions regarding importance of individual potato hectareage and plantings.

Difficulties related to growing potatoes (land availability and renting prices, consequences of new national and/or CAP regulations on subletting) could also have an influence on potato plantings this season and in 2023

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).

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