Potato industry trends

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BPC Market Information & Statistics

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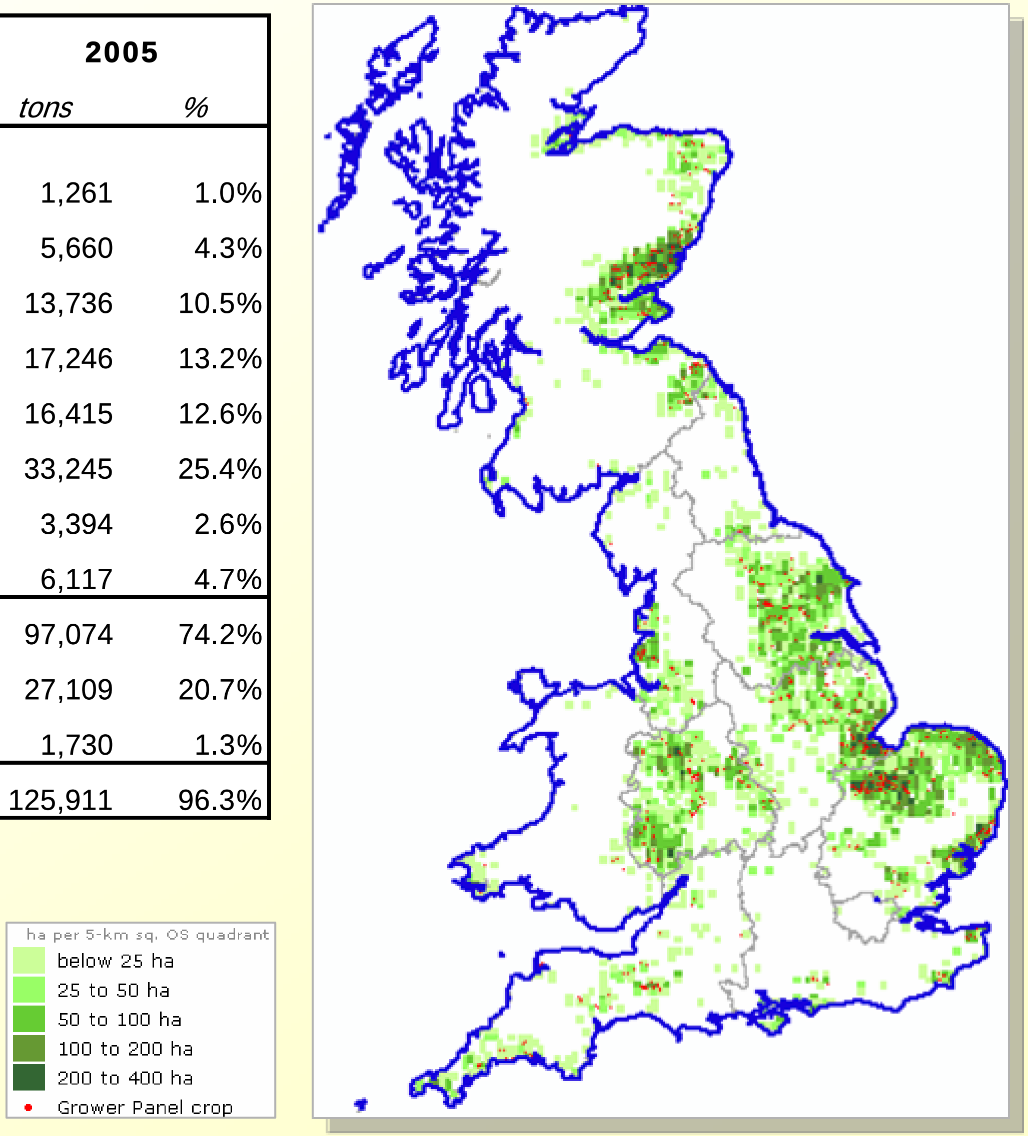
- Trends in grower numbers, areas and production
- Producer and purchasers numbers and areas
- Supply chain structure
- Farm gate price trends
- Consumption and retail price trends

Trends 1960-2007 in areas and production

Where potatoes grow

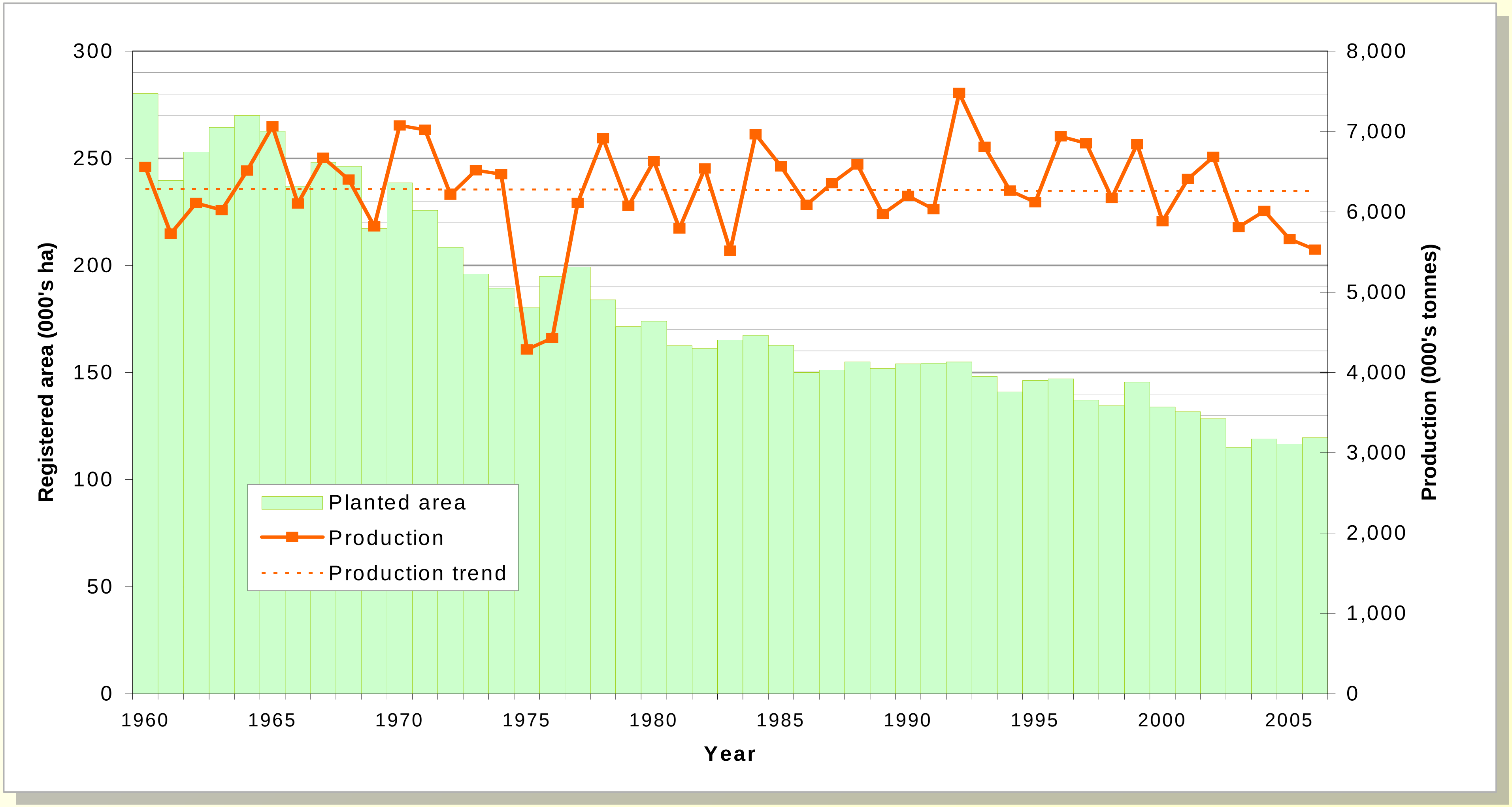
	2007		2006		2005	
	tons	*%*	*tons*	*%*	*tons*	*%*
English region						
North East	1,512	1.2%	1,303	1.0%	1,261	1.0%
North West	4,954	3.8%	5,418	4.1%	5,660	4.3%
Yorks & Humber	15,664	12.0%	14,152	10.8%	13,736	10.5%
East Midlands	19,763	15.1%	17,772	13.6%	17,246	13.2%
West Midlands	15,537	11.9%	16,592	12.7%	16,415	12.6%
Eastern Counties	34,648	26.5%	33,451	25.6%	33,245	25.4%
South East	3,110	2.4%	3,231	2.5%	3,394	2.6%
South West	5,106	3.9%	6,132	4.7%	6,117	4.7%
England	100,294	76.7%	98,051	75.0%	97,074	74.2%
Scotland	29,053	22.2%	27,515	21.0%	27,109	20.7%
Wales	1,412	1.1%	1,684	1.3%	1,730	1.3%
Total	130,758	100.0%	127,249	97.3%	125,911	96.3%



Tables and map are taken from the BPC Grower Panel website www.bpcgp.com

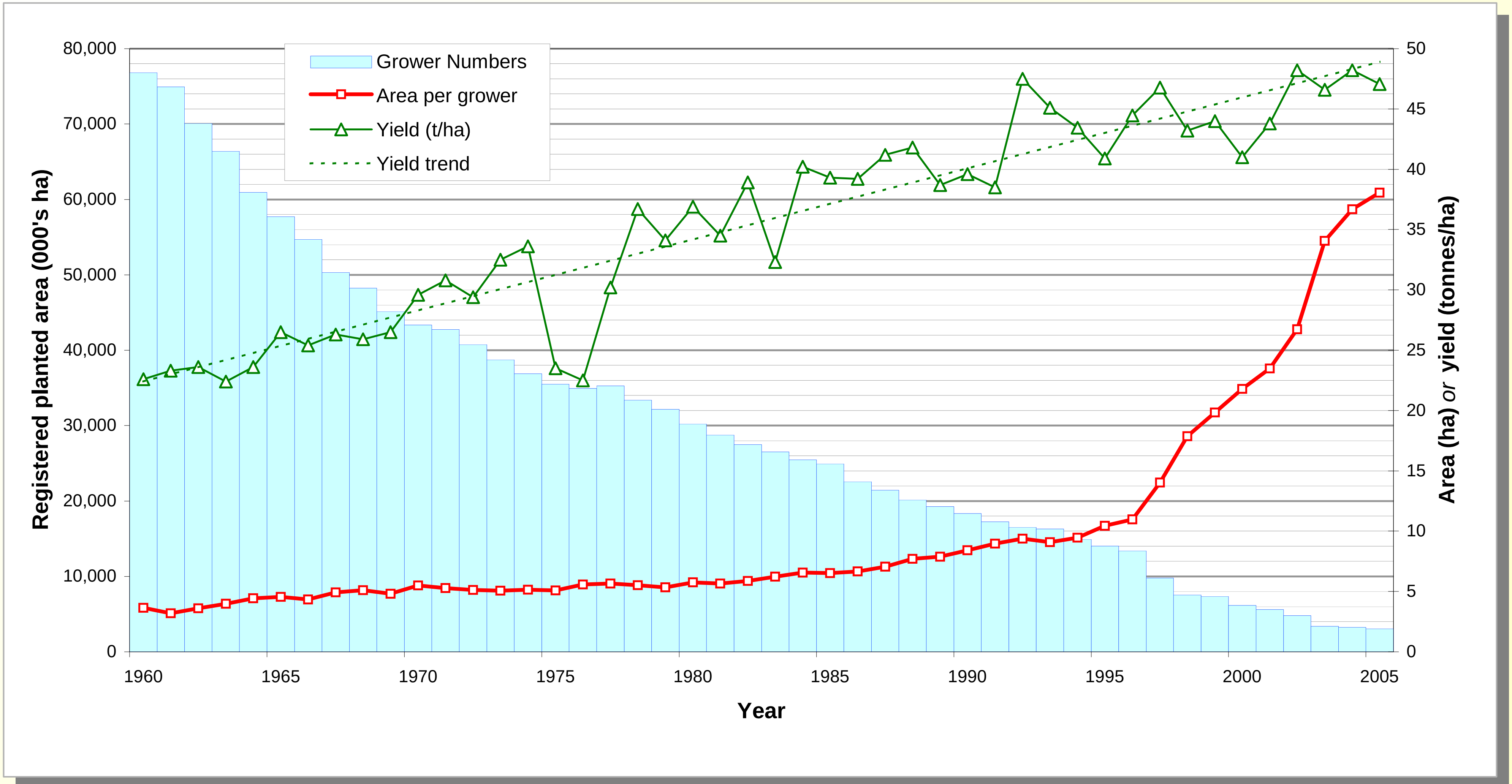
BPC-registered area and production

Area has declined by 60% since 1960, but long-term trend of production is constant. Annual production fluctuates due to the effect of weather on yields. There is a recent decline due to both market and climate factors.



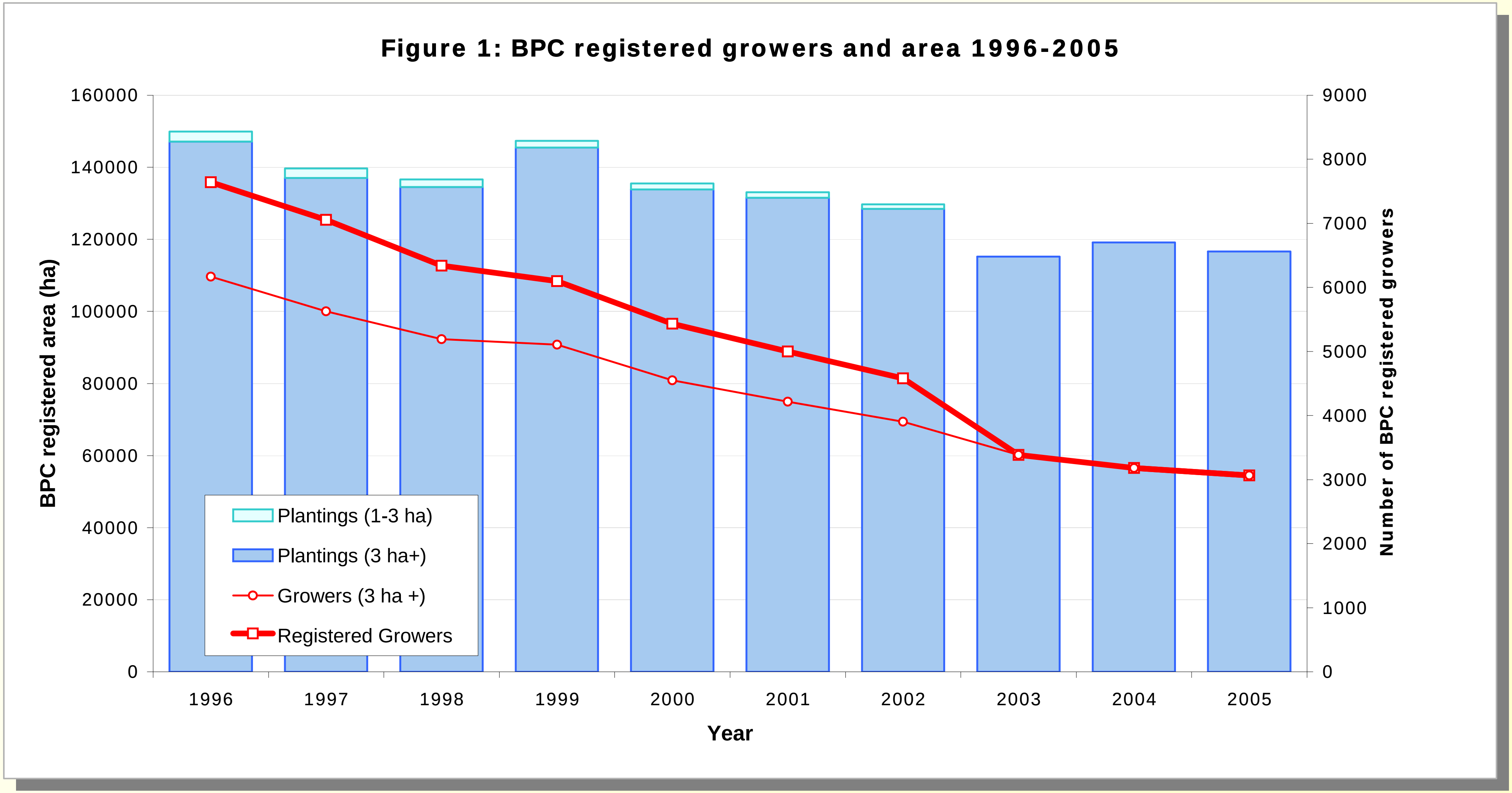
BPC-registered growers, area per grower and yields

Grower numbers have declined enormously since 1960, but area per grower has increased rapidly, especially since de-regulation in 1996.   Average yields per ha have also increased steadily by an average of 0.5 tons/ha/year.

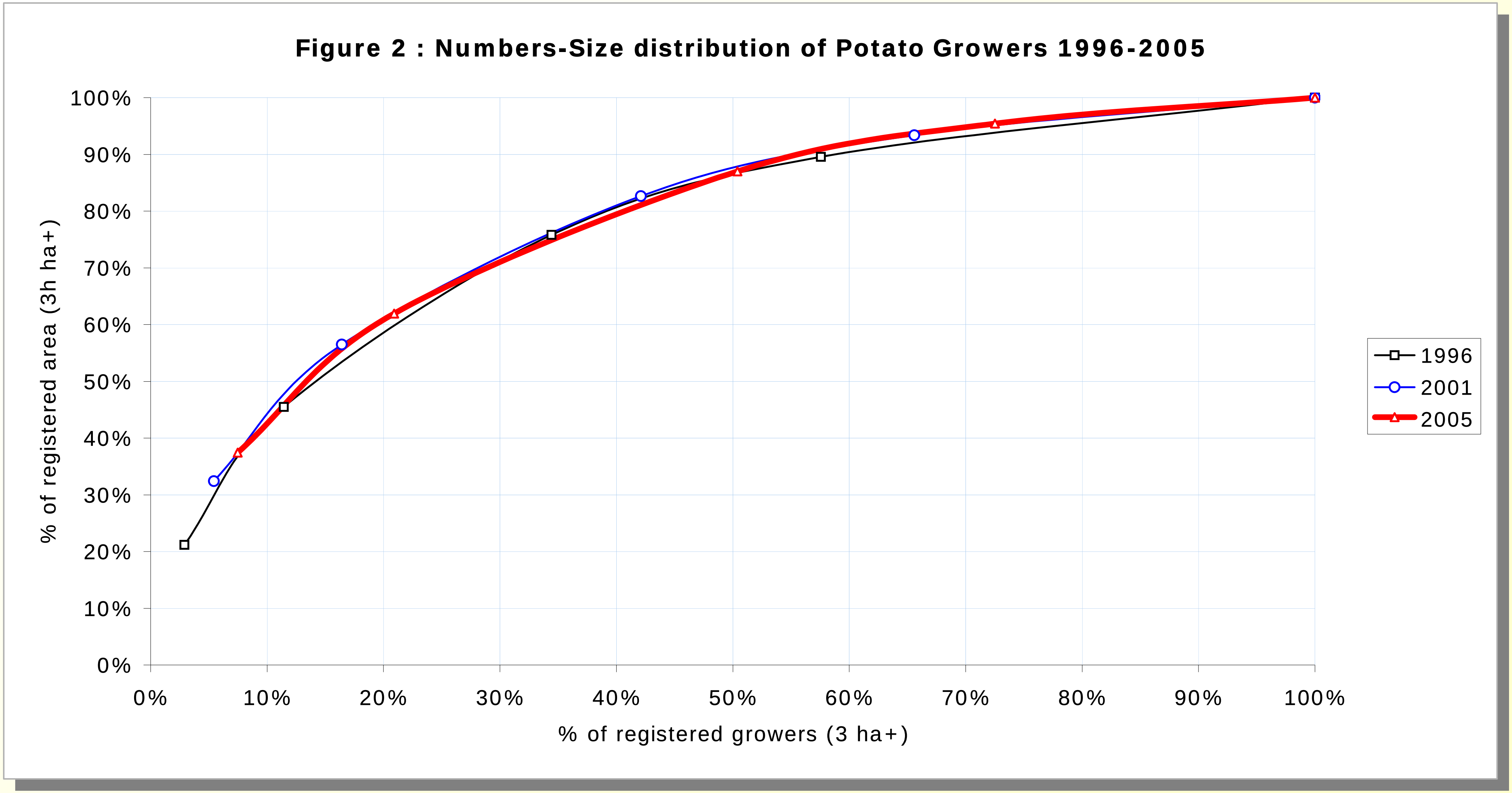


BPC Levy Payer structure

BPC grower numbers and area

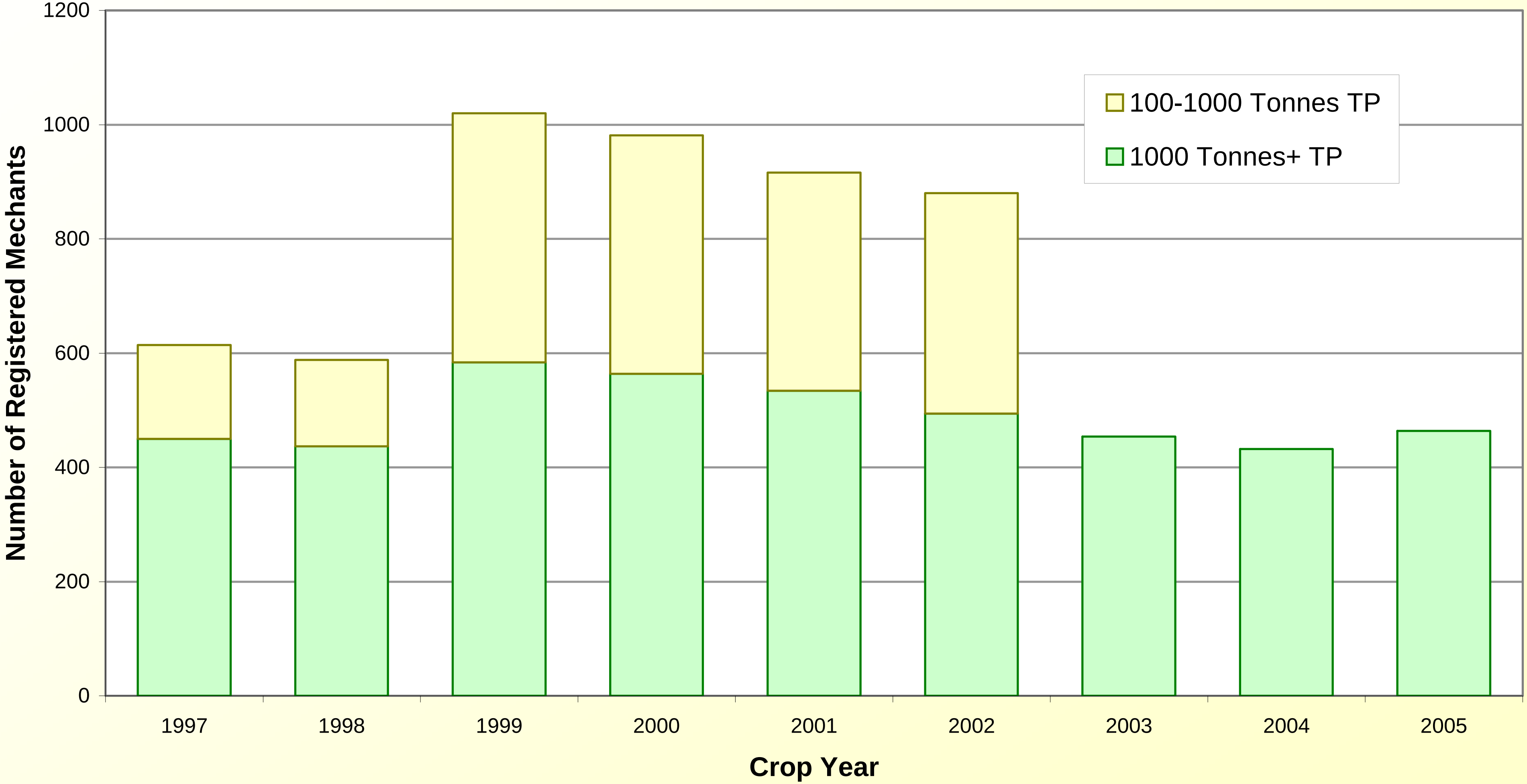


Grower size structure



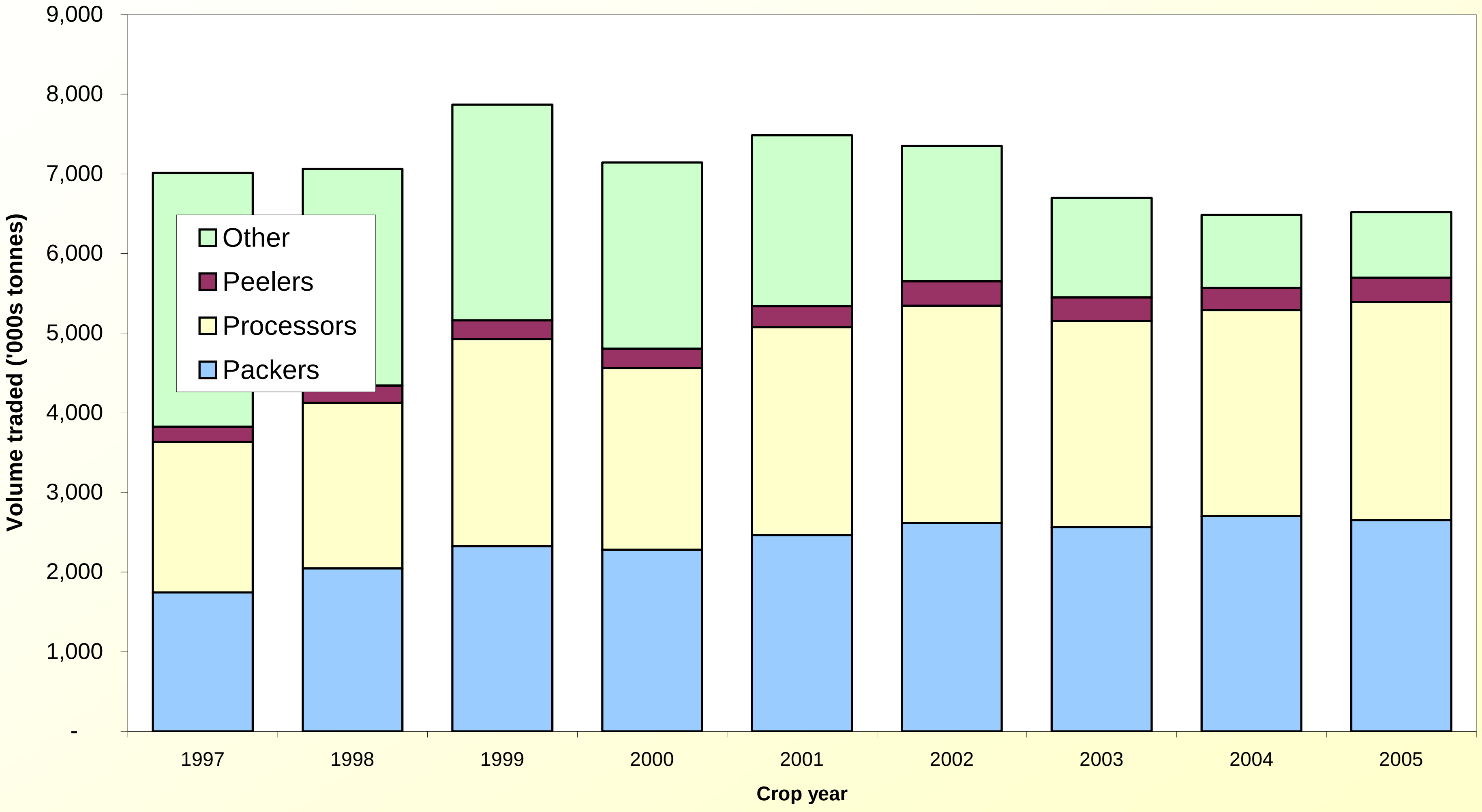
Number of BPC registered purchasers

- The basis of BPC registration changed in 1999 – 1998 and 1997 data is not strictly comparable
- Since 2003, only purchasers over 1000 tons have had to register.
- The green bars show the number of these – they have been stable since 2003.



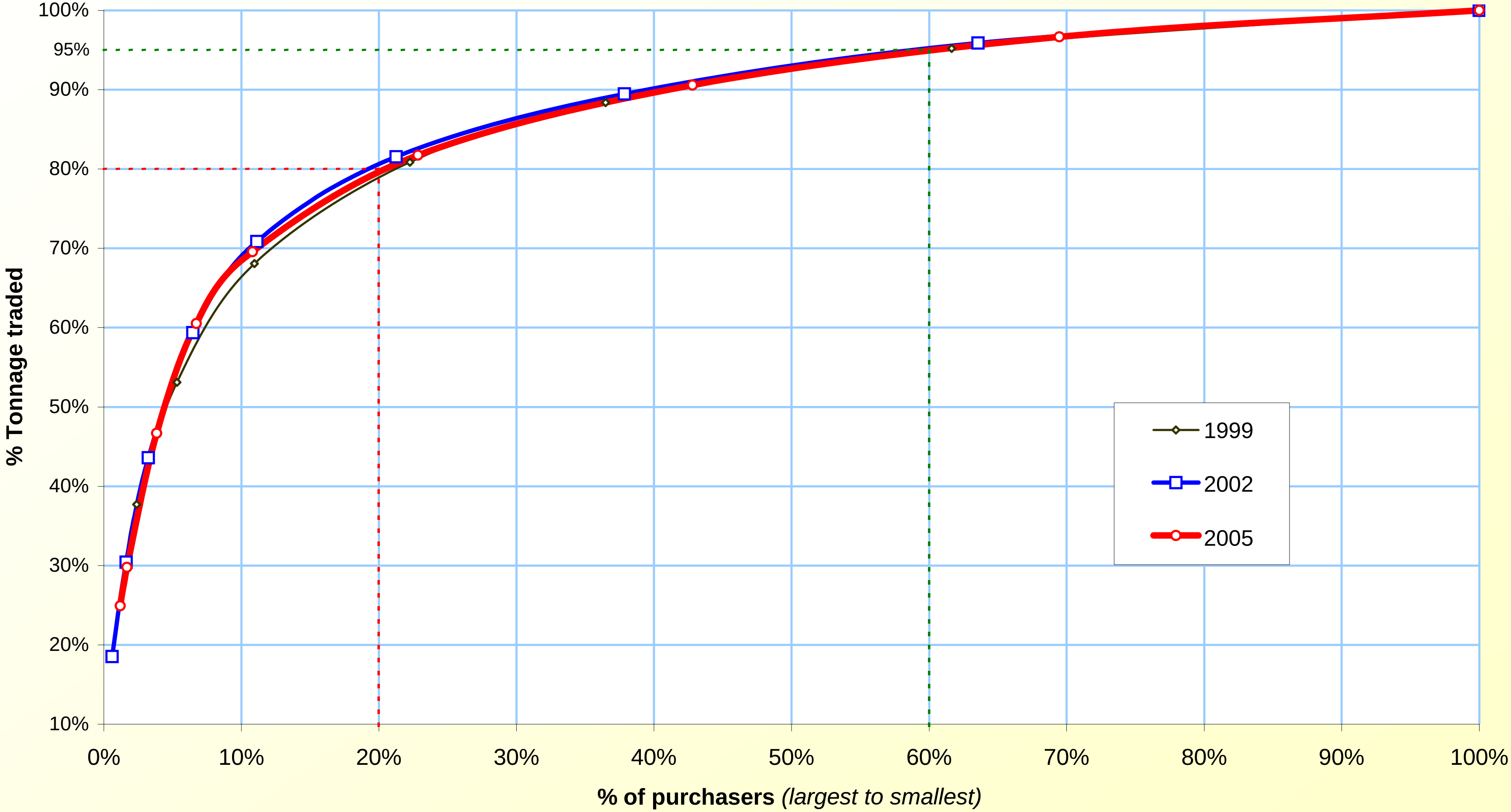
Trading volume by company type

The industry is tending towards greater specialisation, with the general ware merchants declining as a proportion of volume.



Size distribution of purchasers

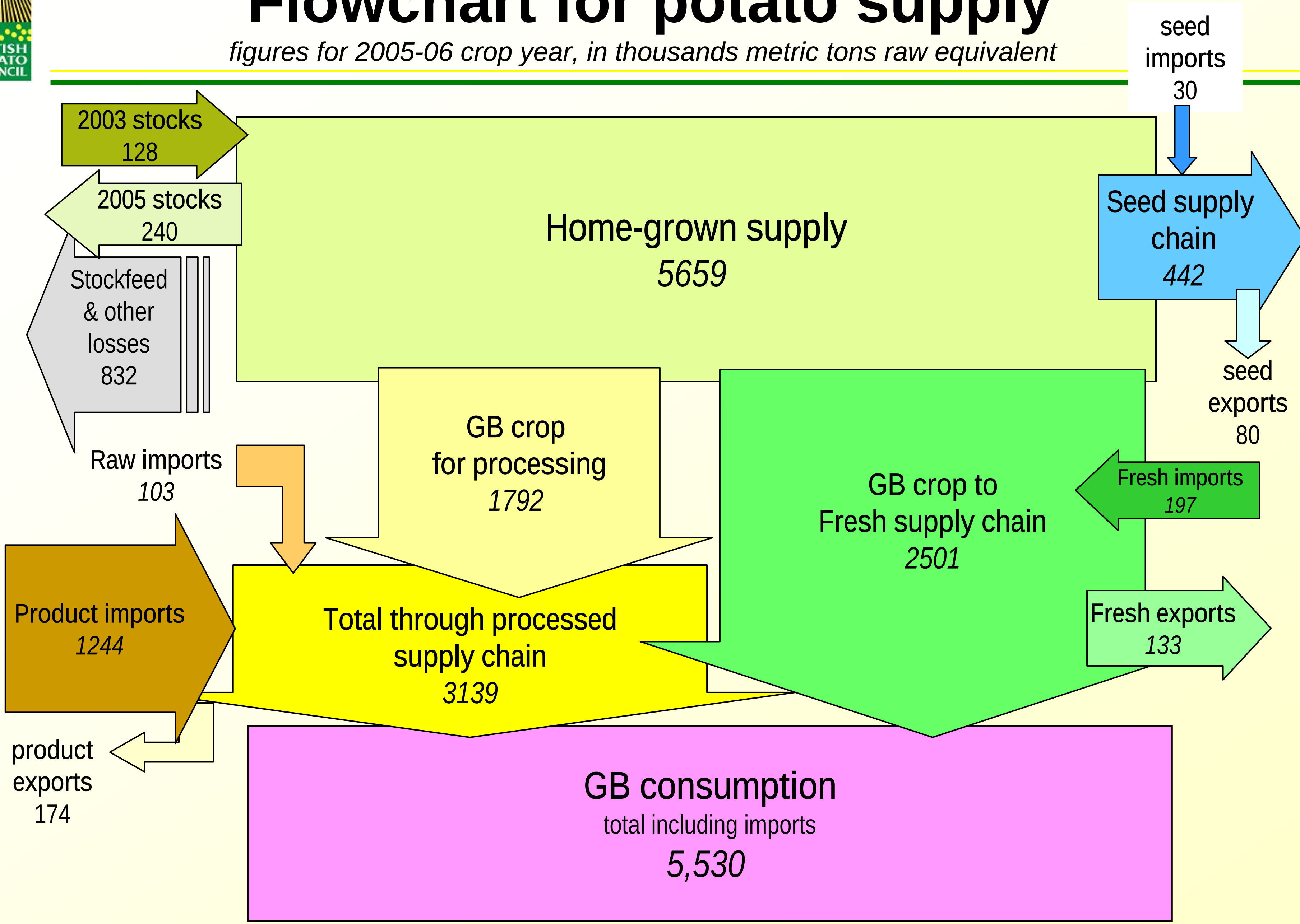
- 20% of the largest purchasers control 80% of volume traded
- 60% of largest purchasers control 95% of trade. Conversely, smallest 40% account for only 5% of trade.
- The 20:80 rule is a common economic pattern. It has not changed much since 1999 in the GB potato industry.



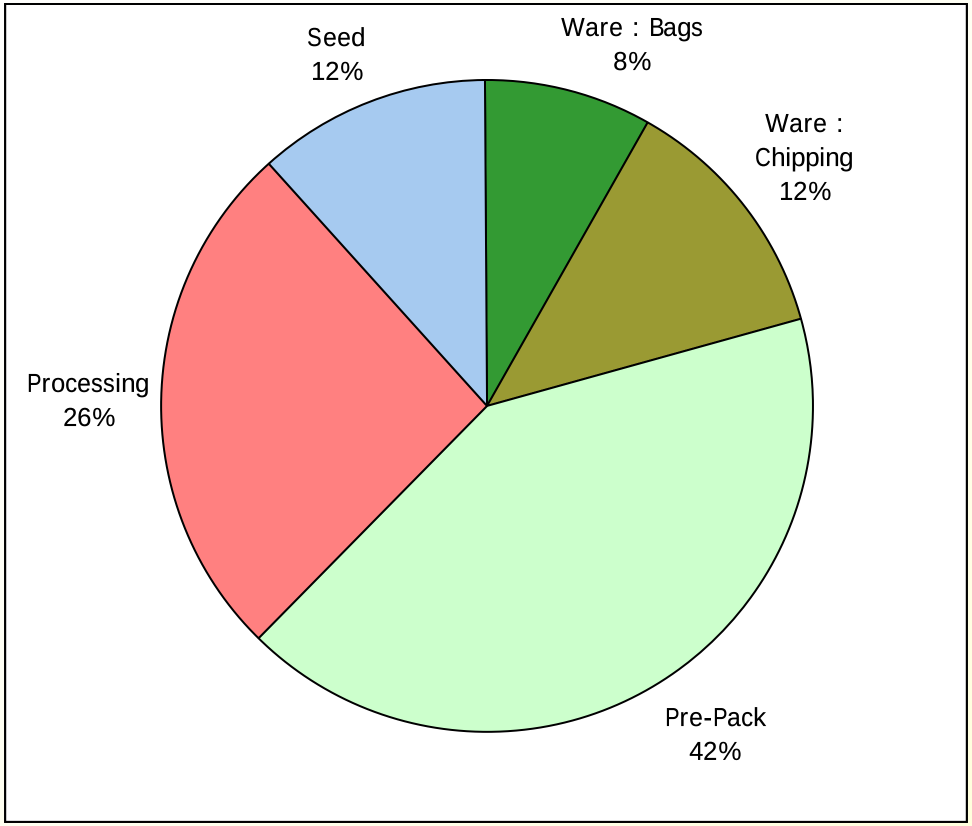
Major supply chains and sectors

Flowchart for potato supply

figures for 2005-06 crop year, in thousands metric tons raw equivalent



Planted areas by market sector

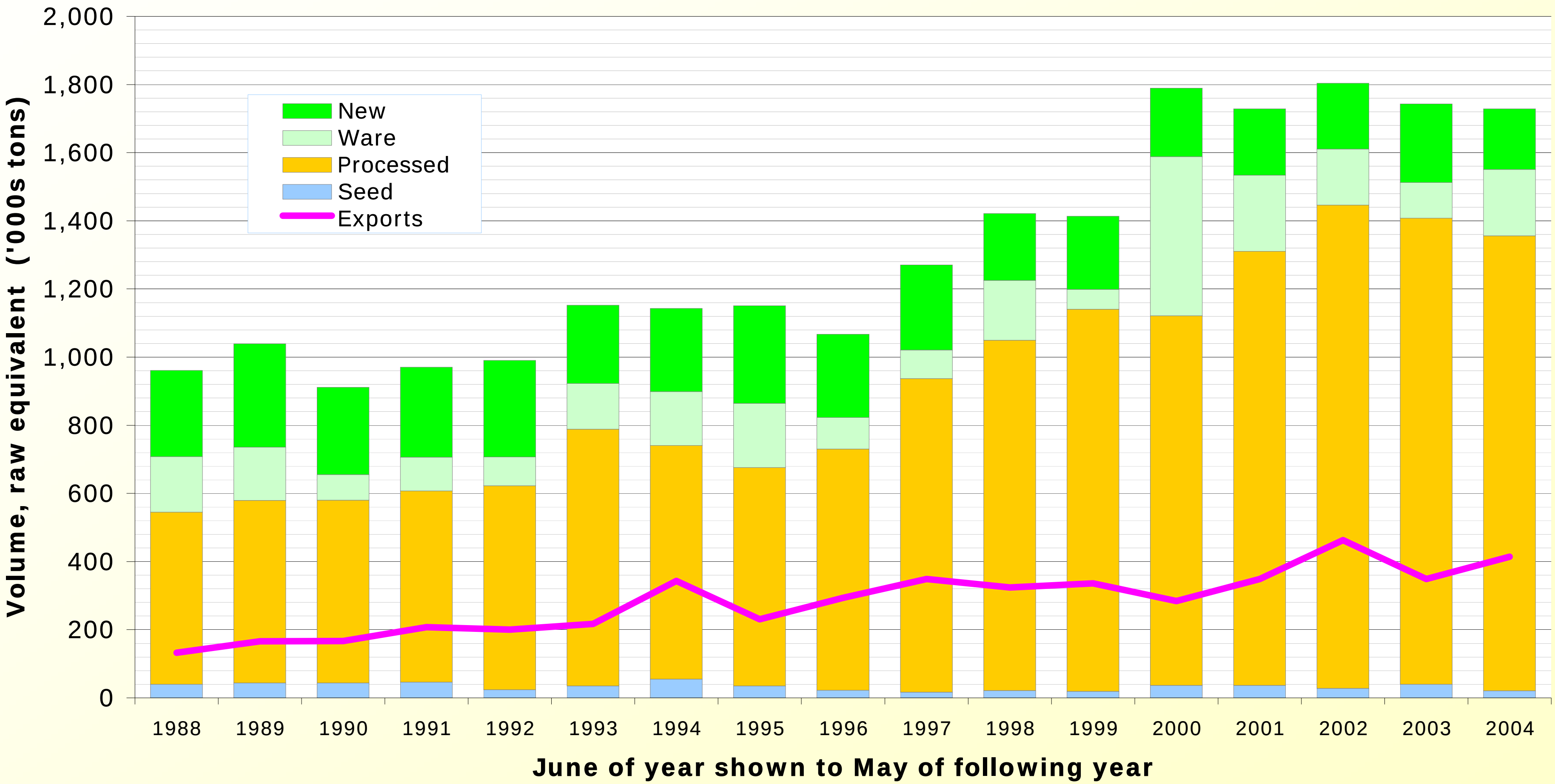


Market sectors	*2004*	*2005*	*2006*
Ware : Bags	9%	9%	8%
Ware : Chipping	12%	11%	12%
Pre-Pack	41%	41%	41%
Processing	28%	27%	26%
Seed	11%	12%	12%
Total, ha	130,896	125,911	127,259
Contract type, *excluding seed*			
Free-buy	56%	50%	51%
Contract	44%	50%	49%

- The fresh sector for bags and chipping were 20% of area planted in 2006.
- The pre-pack sector was 41%.
- Processing comprised 26%.
- About 50% of the crop, excluding seed, is grown on contract (52% of pre-pack, 91% of processing).

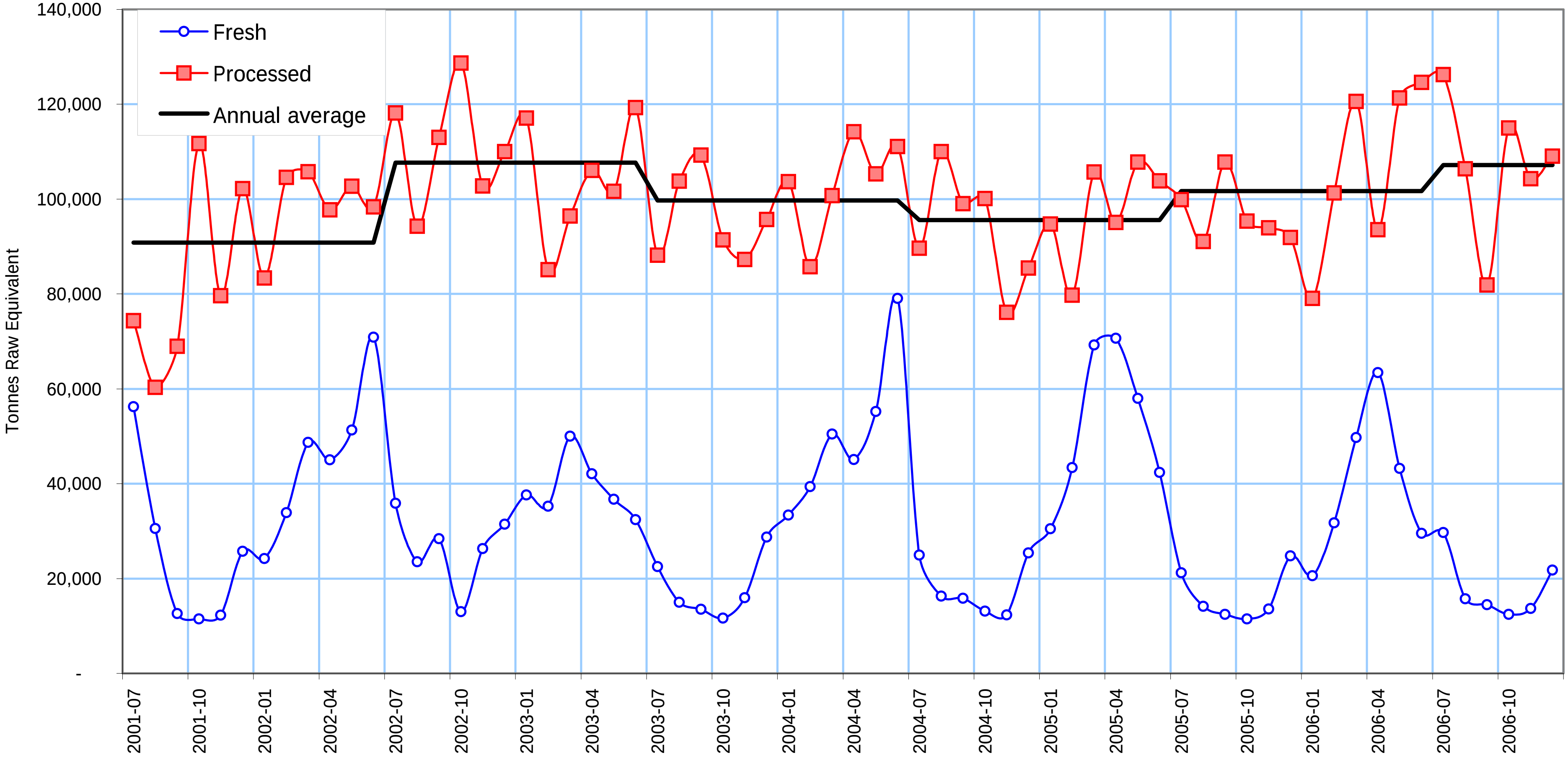
Imports and Exports

- Imports of processed products have increased substantially since 1988, but mainly from 1996-2000.
- Since 2000, gross imports have been stable
- Ware imports have fluctuated with no long-term trend, depending mainly on price differentials between GB and northern Europe in each season.



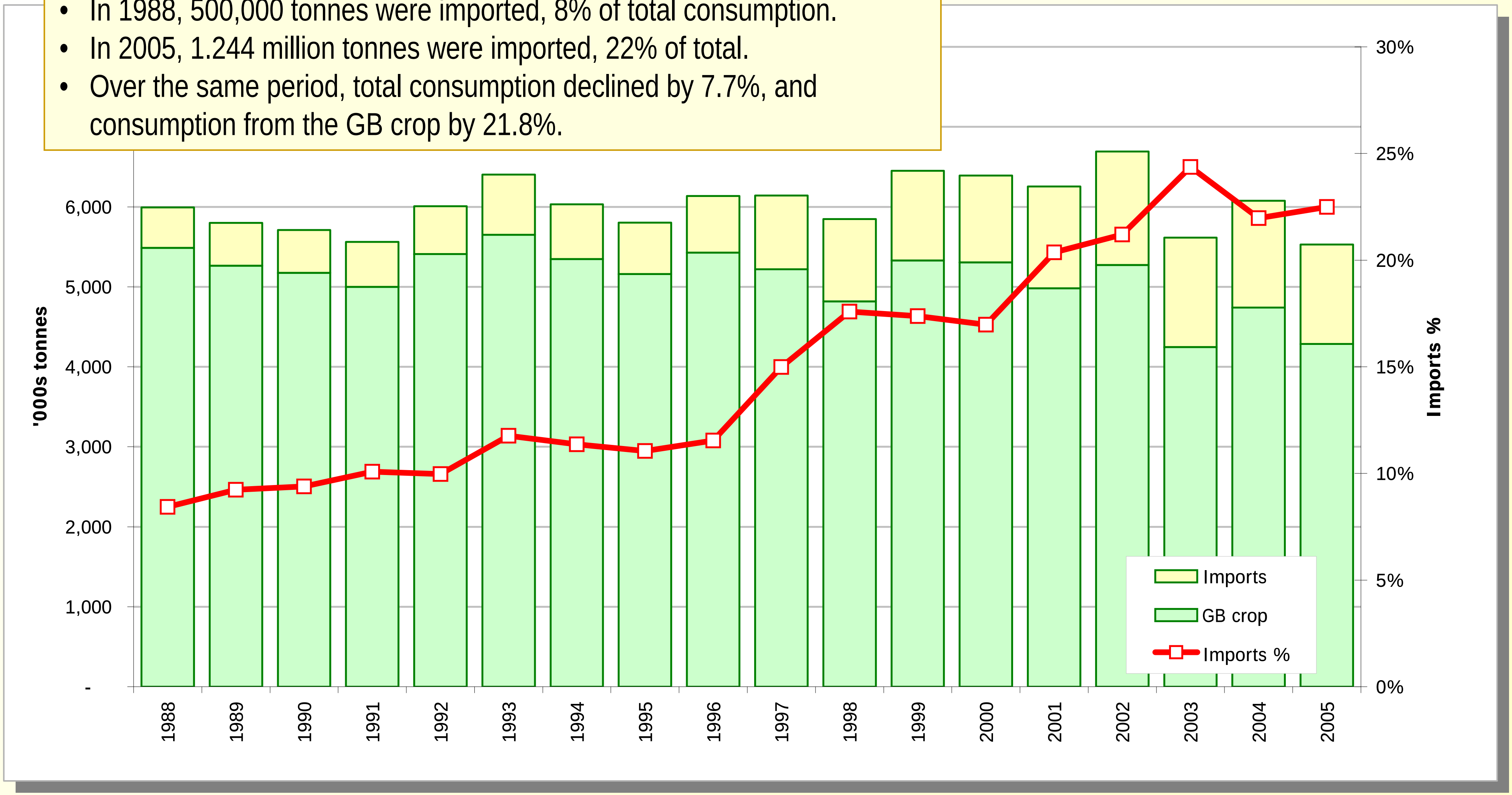
Imports

- Data are monthly HMRC summaries (Intrastat/Extrastat), from July 2001 to December 2006
- Fresh imports strongly cyclic, normally peaking in May/June – 2006 peak curtailed in April by hot weather?
- No obvious seasonal pattern to processed imports
- No evidence for systematic increase in imports over the last five years



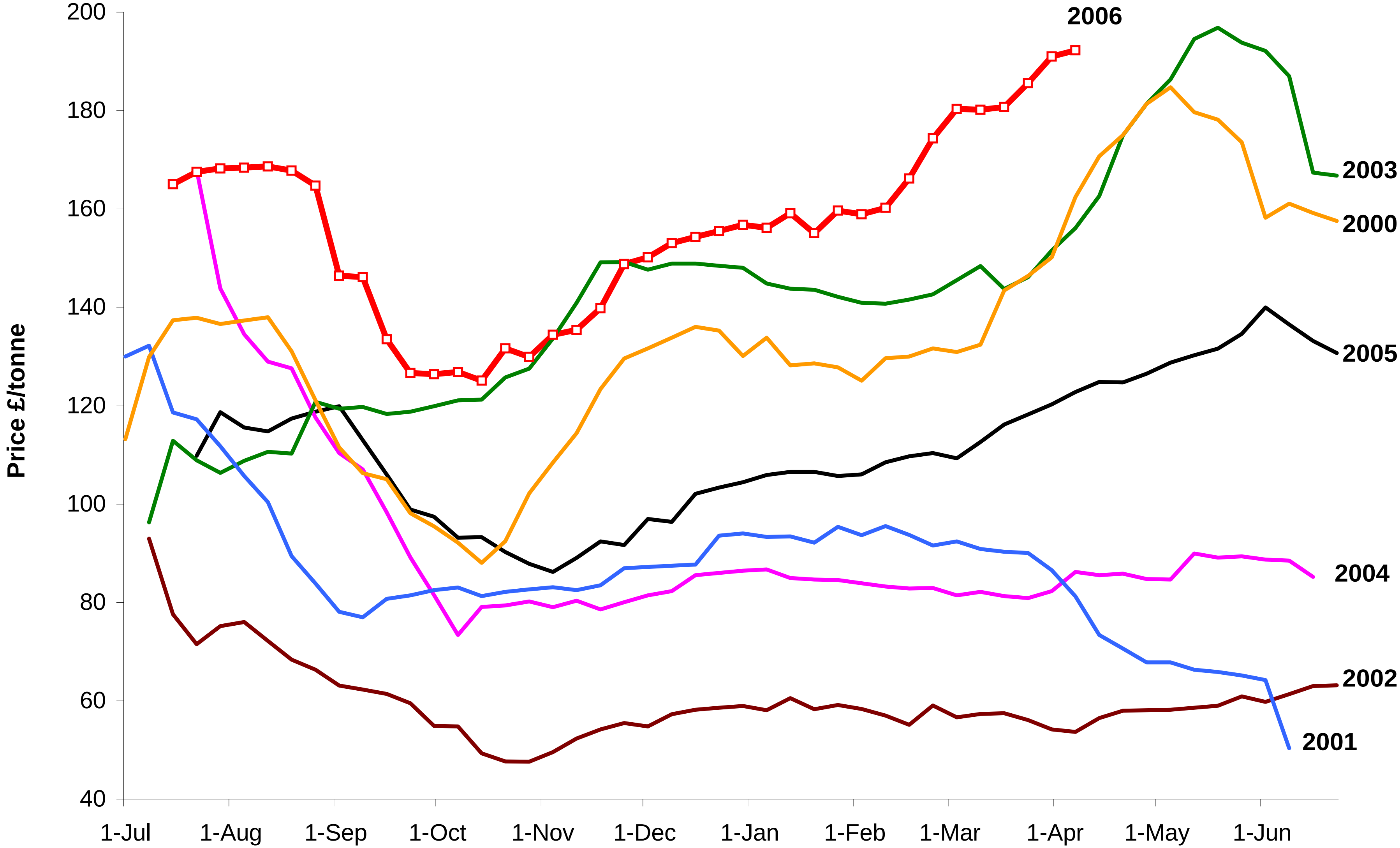
Consumption from GB crop

- Data are from the BPC 'Redbook' from 1988 to 2005
- Shows Human Consumption from the GB crop and from imports
- Imports have increased steadily as a proportion of total GB consumption
- In 1988, 500,000 tonnes were imported, 8% of total consumption.
- In 2005, 1.244 million tonnes were imported, 22% of total.
- Over the same period, total consumption declined by 7.7%, and consumption from the GB crop by 21.8%.

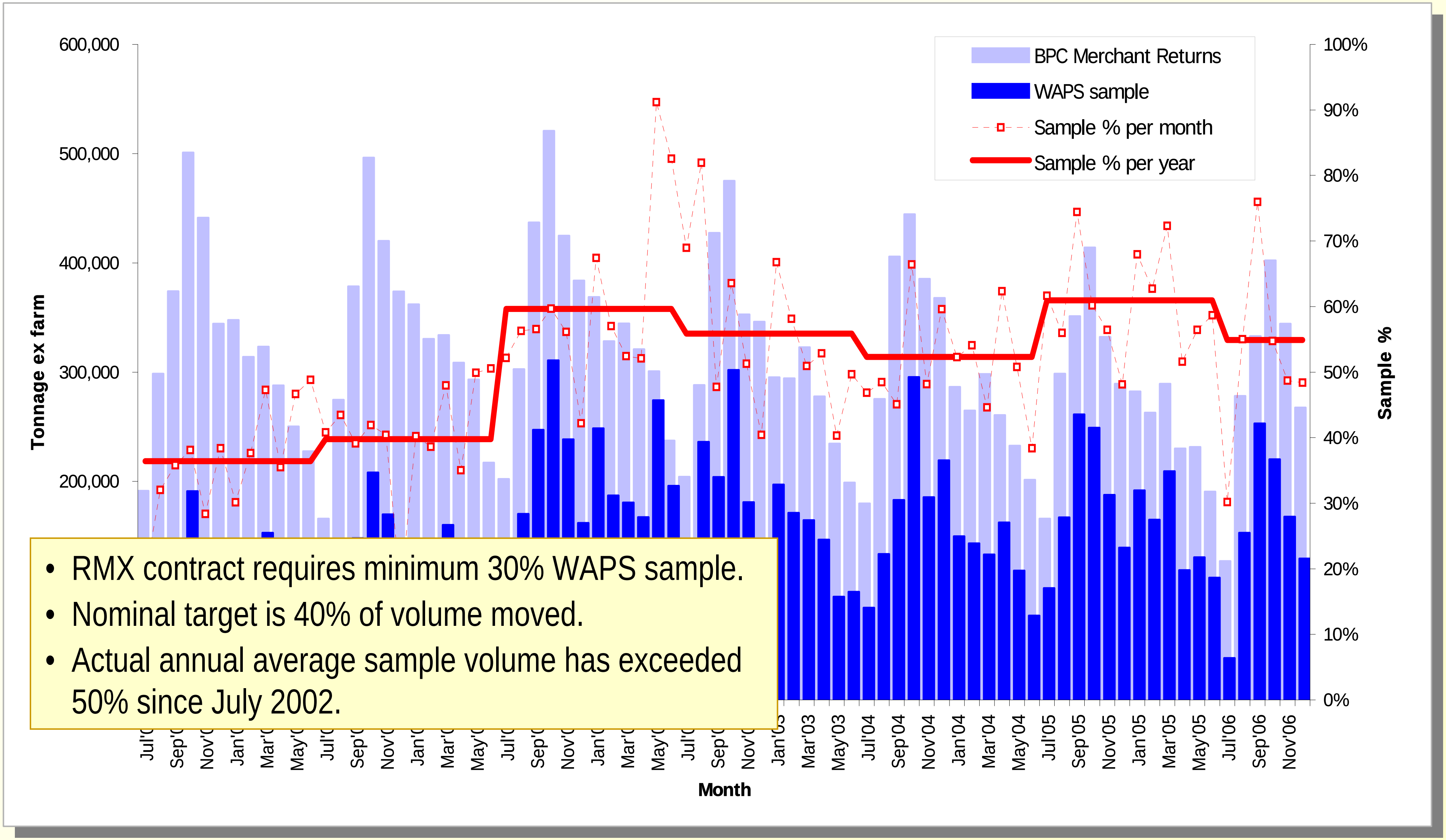


Prices

Weekly average price index

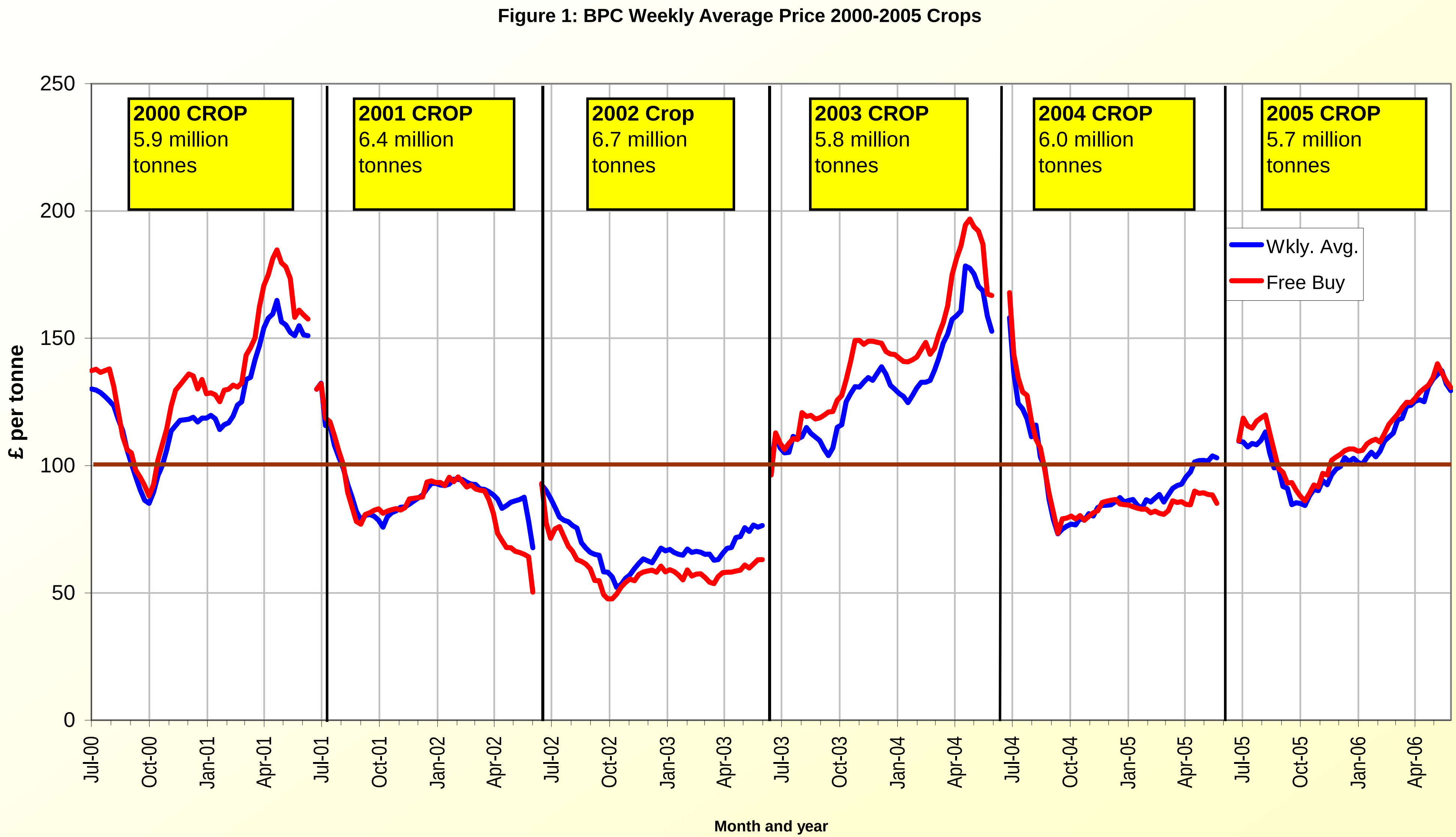


WAPS sampling volume – First purchases



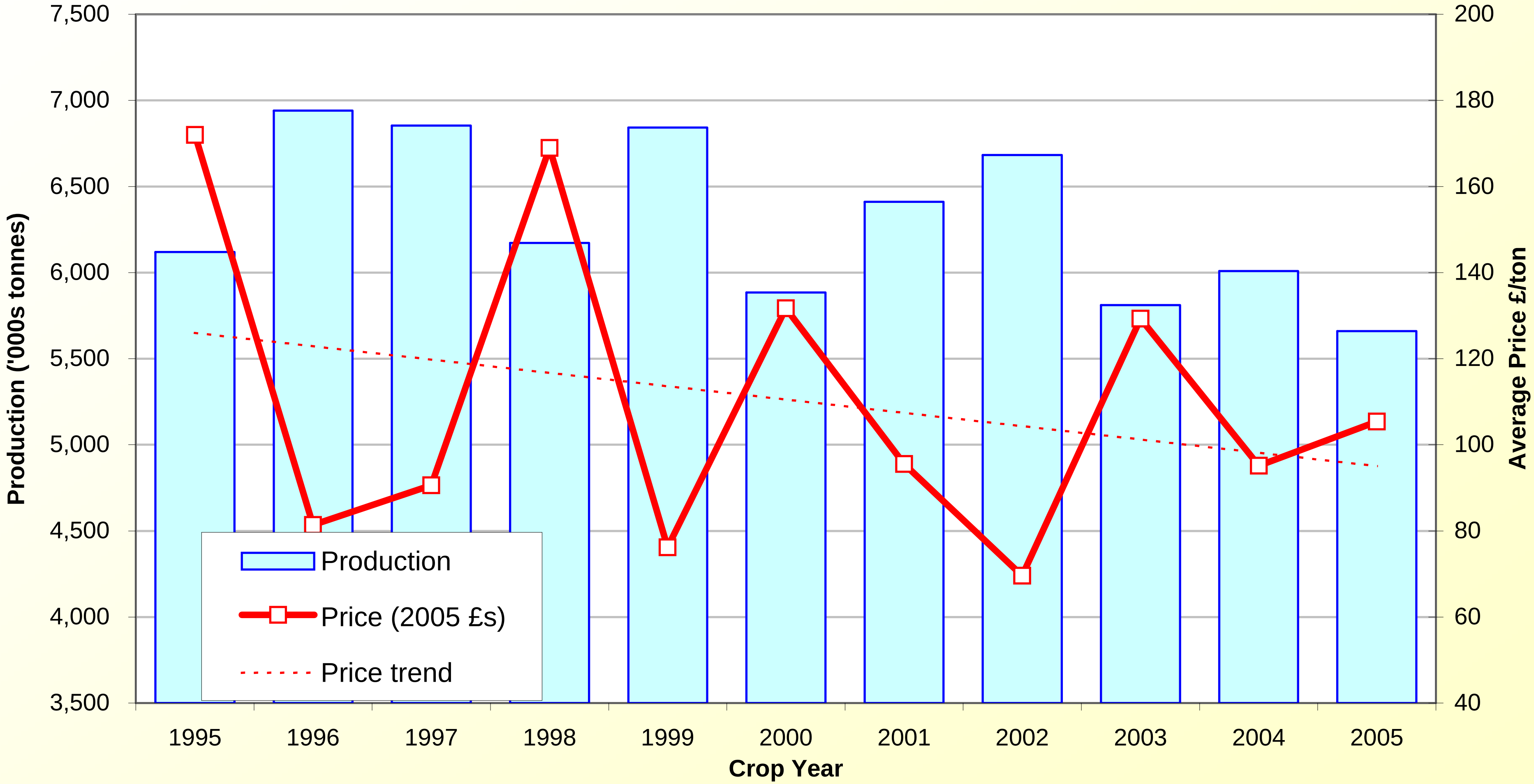
- RMX contract requires minimum 30% WAPS sample.
- Nominal target is 40% of volume moved.
- Actual annual average sample volume has exceeded 50% since July 2002.

Seasonal Production and Price

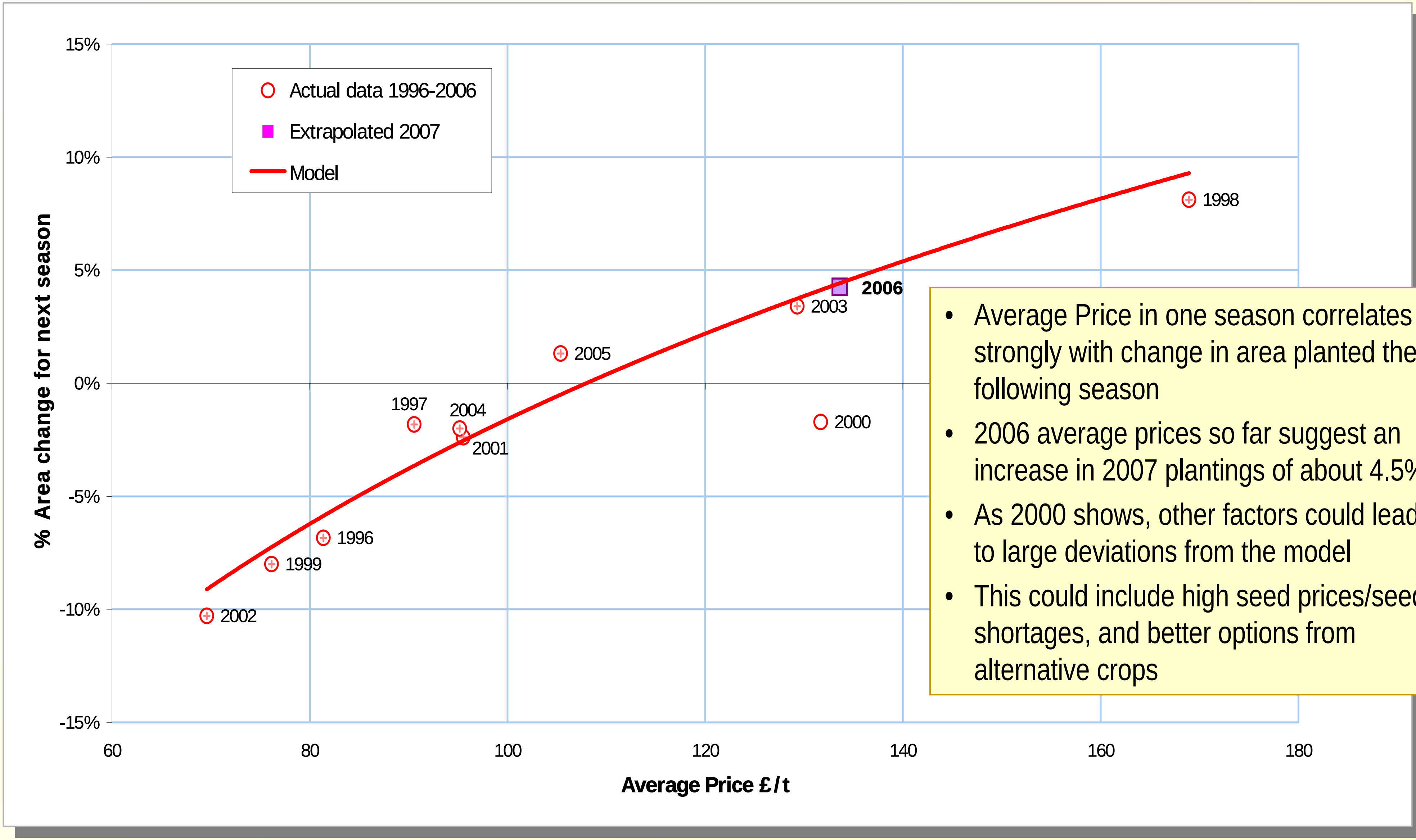


Potato production and average price

- Prices are strongly geared to production – 1% change in production correlates with a 5% price swing
- The long term-trend is for peaks and troughs of price to damp down, and average price to decrease. This is linked to the increased areas grown under contract.

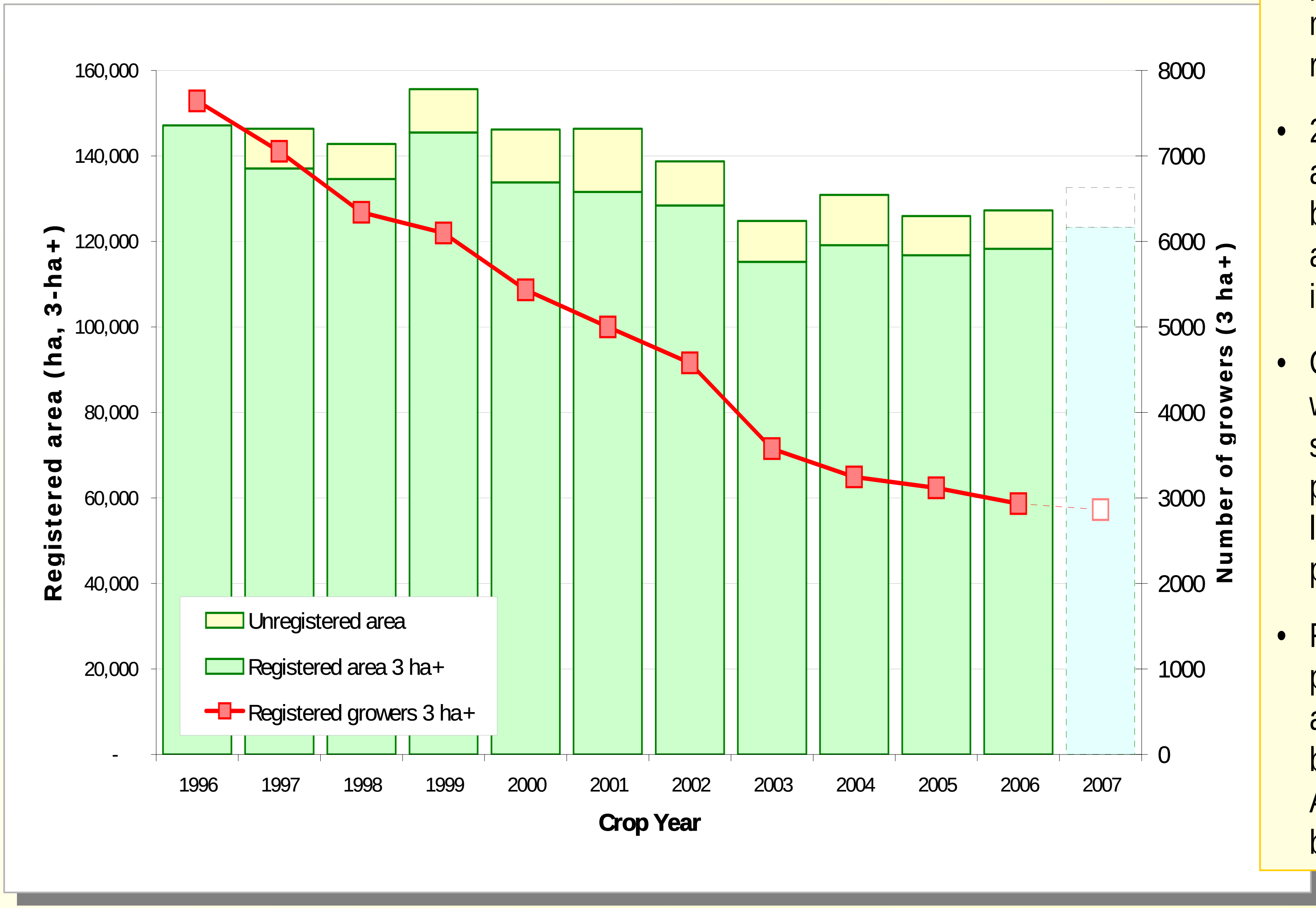


Price and planted area next season



- Average Price in one season correlates strongly with change in area planted the following season
- 2006 average prices so far suggest an increase in 2007 plantings of about 4.5%
- As 2000 shows, other factors could lead to large deviations from the model
- This could include high seed prices/seed shortages, and better options from alternative crops

Trends in areas and grower numbers



- Published total plantings are about 8% more than BPC registered plantings.
- 2007 figures shown are extrapolations based on trend models and show 4.5% area increase.
- Other factors such as weather, seed shortages, crop preferences may well lead to below-forecast plantings.
- Registered growers prior to 2003 are adjusted to 3 ha+ basis for comparability. Actual registration limit before 2003 was 1 ha.

Data table for area charts

Year	Planted areas (ha) *BPC registered 3 ha +*	*Total plantings*	*Estimated unreg. %*	Grower numbers *(3 ha+)*	Ha per grower *(3 ha+)*	Average price £/t	% Area change next year
1996	147,113			7642	19.3	81.39	- 6.8%
1997	137,050	146,400	6.8%	7055	19.4	90.58	- 1.8%
1998	134,556	142,800	6.1%	6340	21.2	168.93	+ 8.1%
1999	145,477	155,600	7.0%	6099	23.9	76.15	- 8.0%
2000	133,851	146,200	9.2%	5434	24.6	131.70	- 1.7%
2001	131,565	146,400	11.3%	4999	26.3	95.55	- 2.4%
2002	128,421	138,700	8.0%	4580	28.0	69.60	- 10.3%
2003	115,209	124,800	8.3%	3577	32.2	129.30	+ 3.4%
2004	119,128	130,900	9.9%	3245	36.7	95.17	- 2.0%
2005	116,750	125,911	7.8%	3119	37.4	105.38	+ 1.3%
2006	118,288	127,249	7.6%	2934	40.3	133.62	

Market size and trends

Fig 1: GB population trends

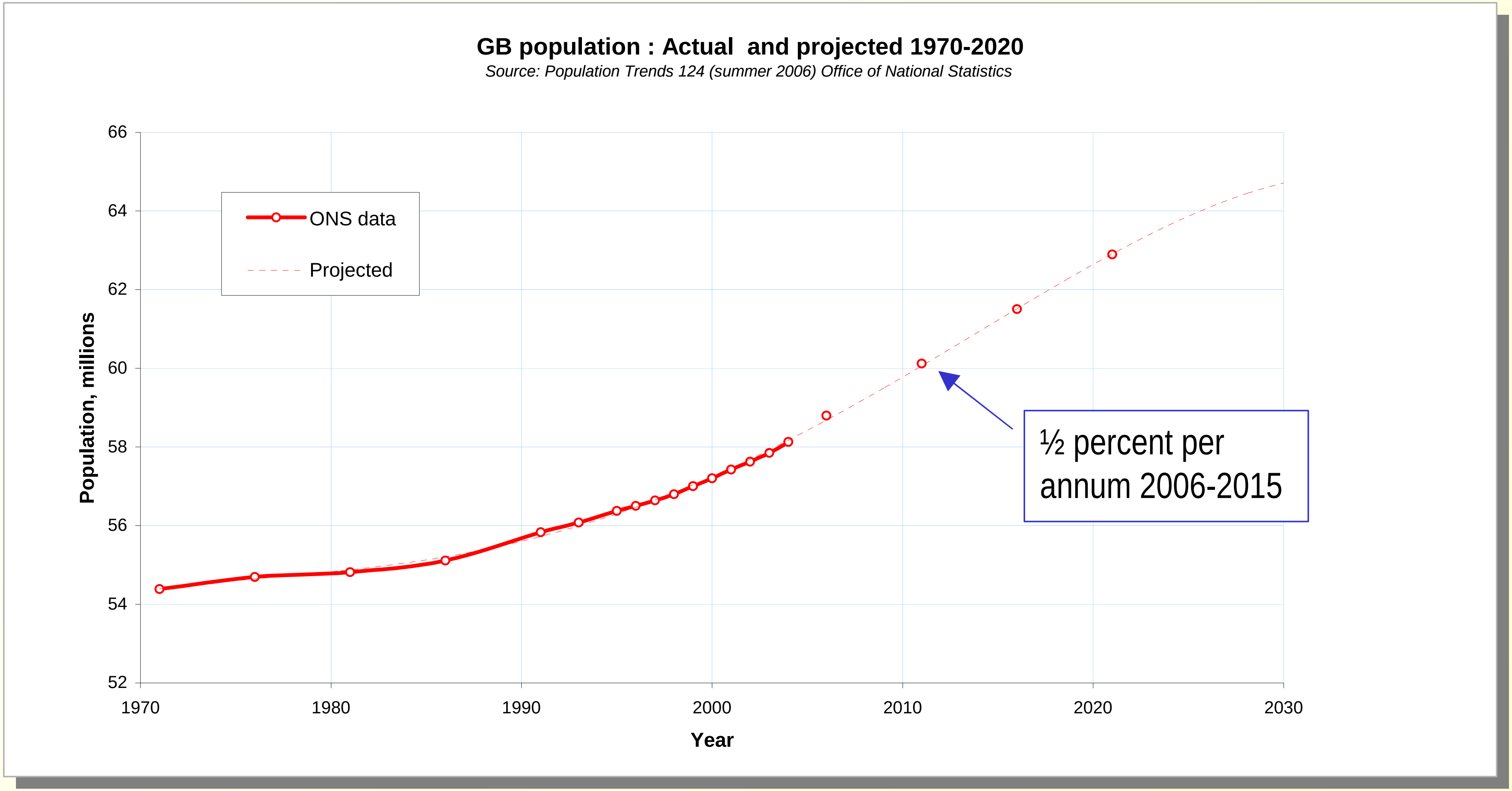


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Fig 2: Total and per capita consumption

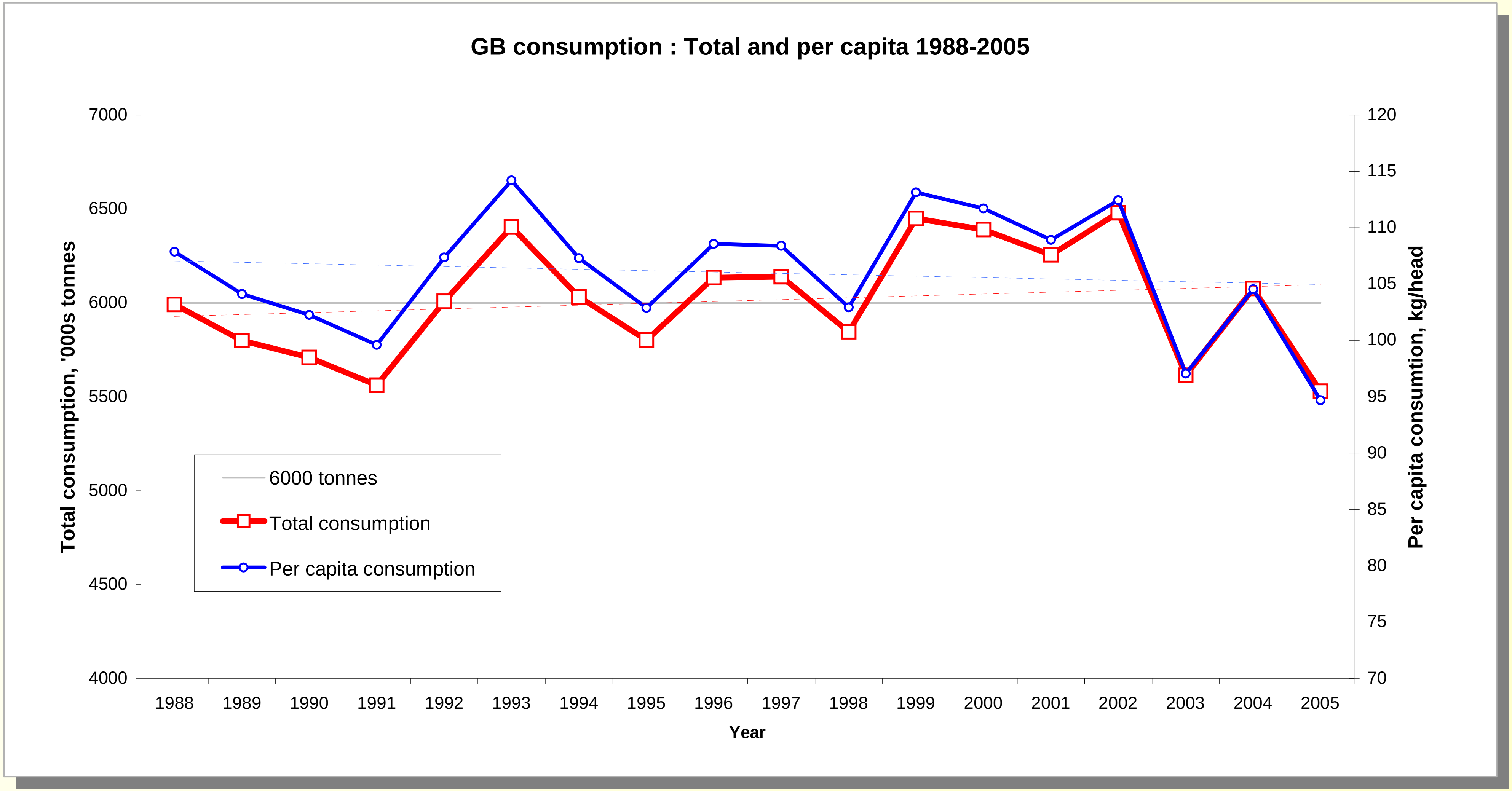

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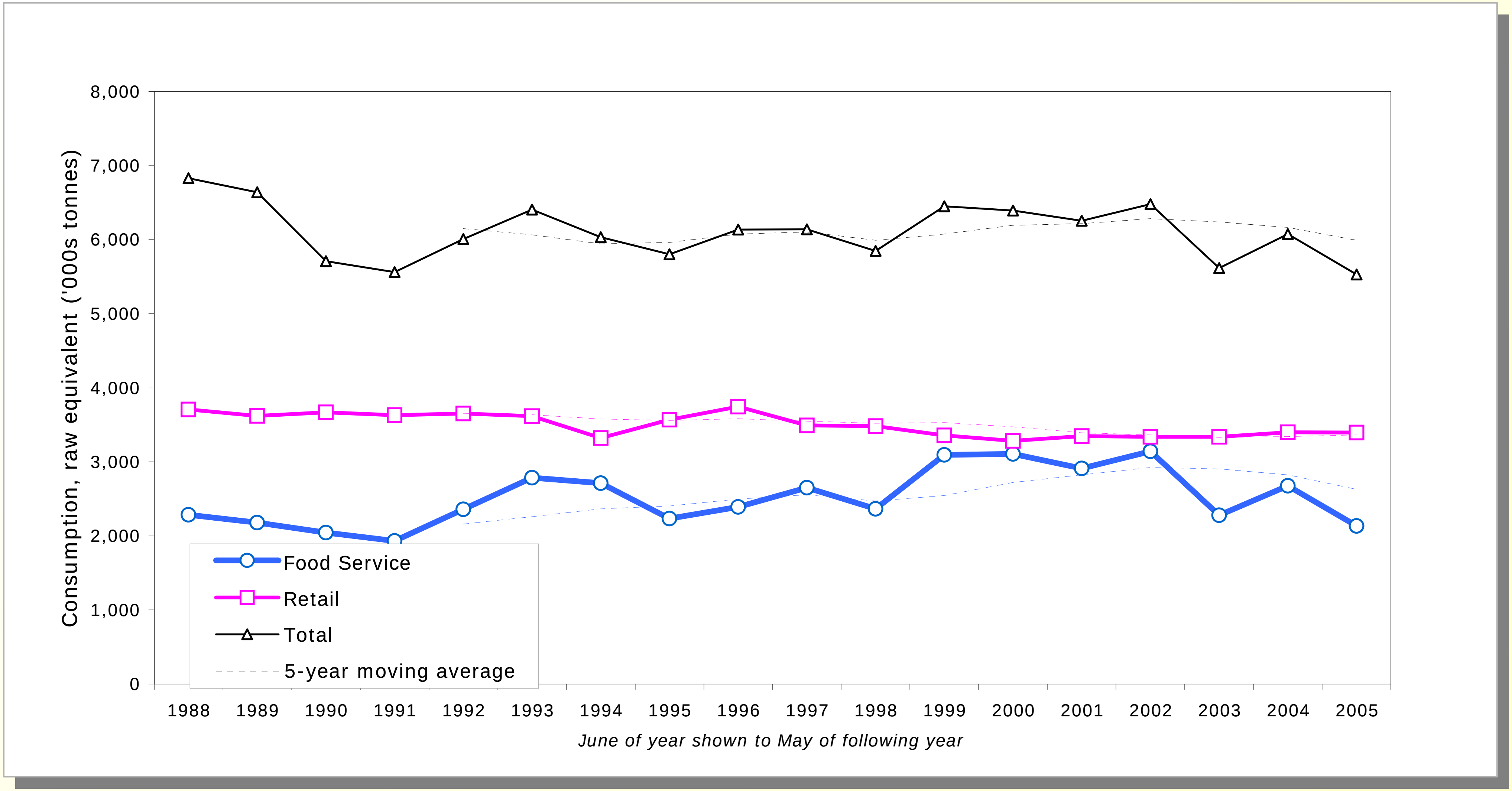
Fig 3: Retail and food service consumption



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Fresh and processed retail consumption

- Overall GB consumption fluctuates around 6 million tonnes, with no long-term trend up or down
- Retail fresh sales have declined steadily since 1988, but are now showing a slight upswing
- Processed retail sales have increased substantially since 1988, reflecting lifestyle changes

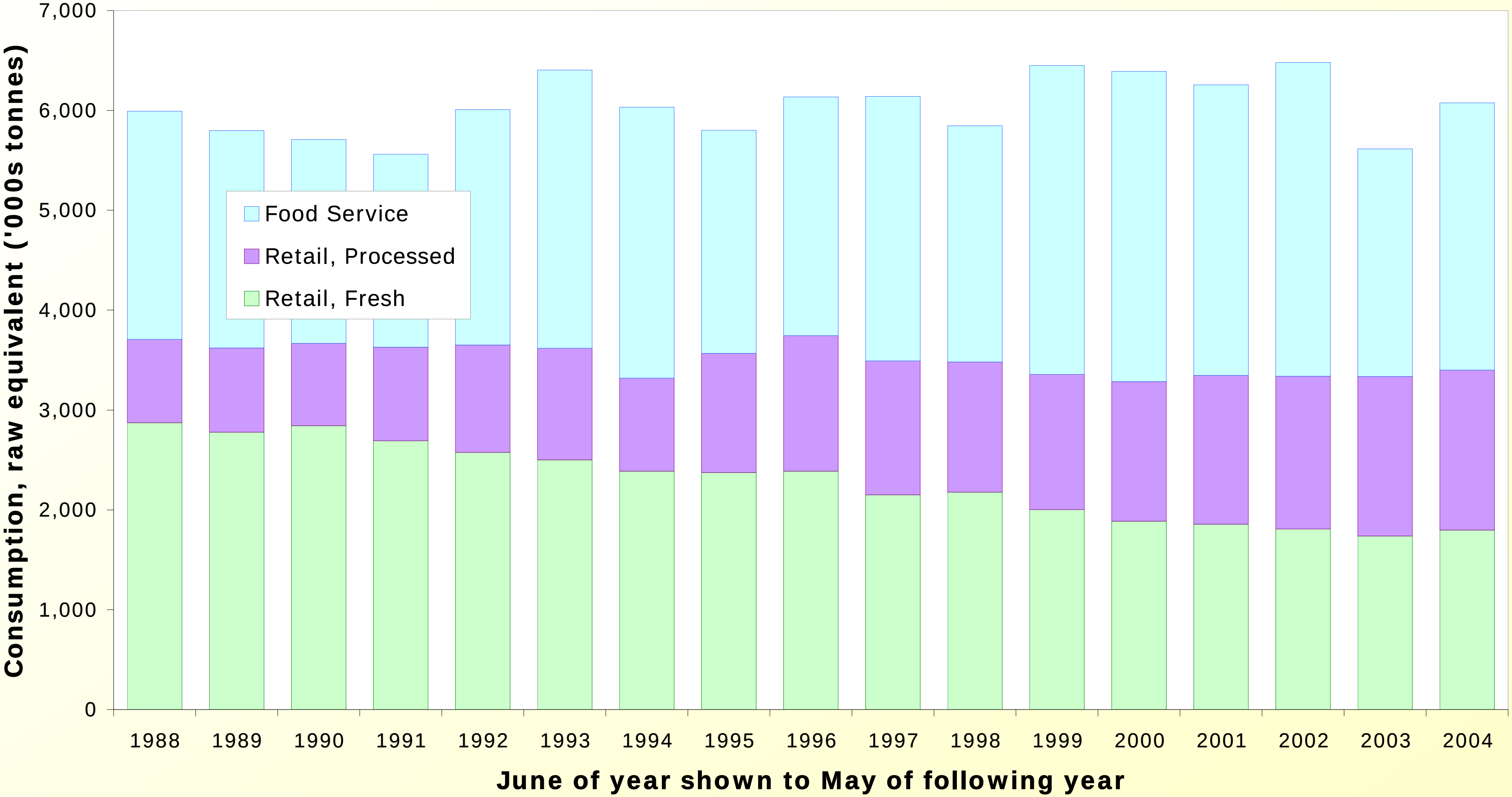
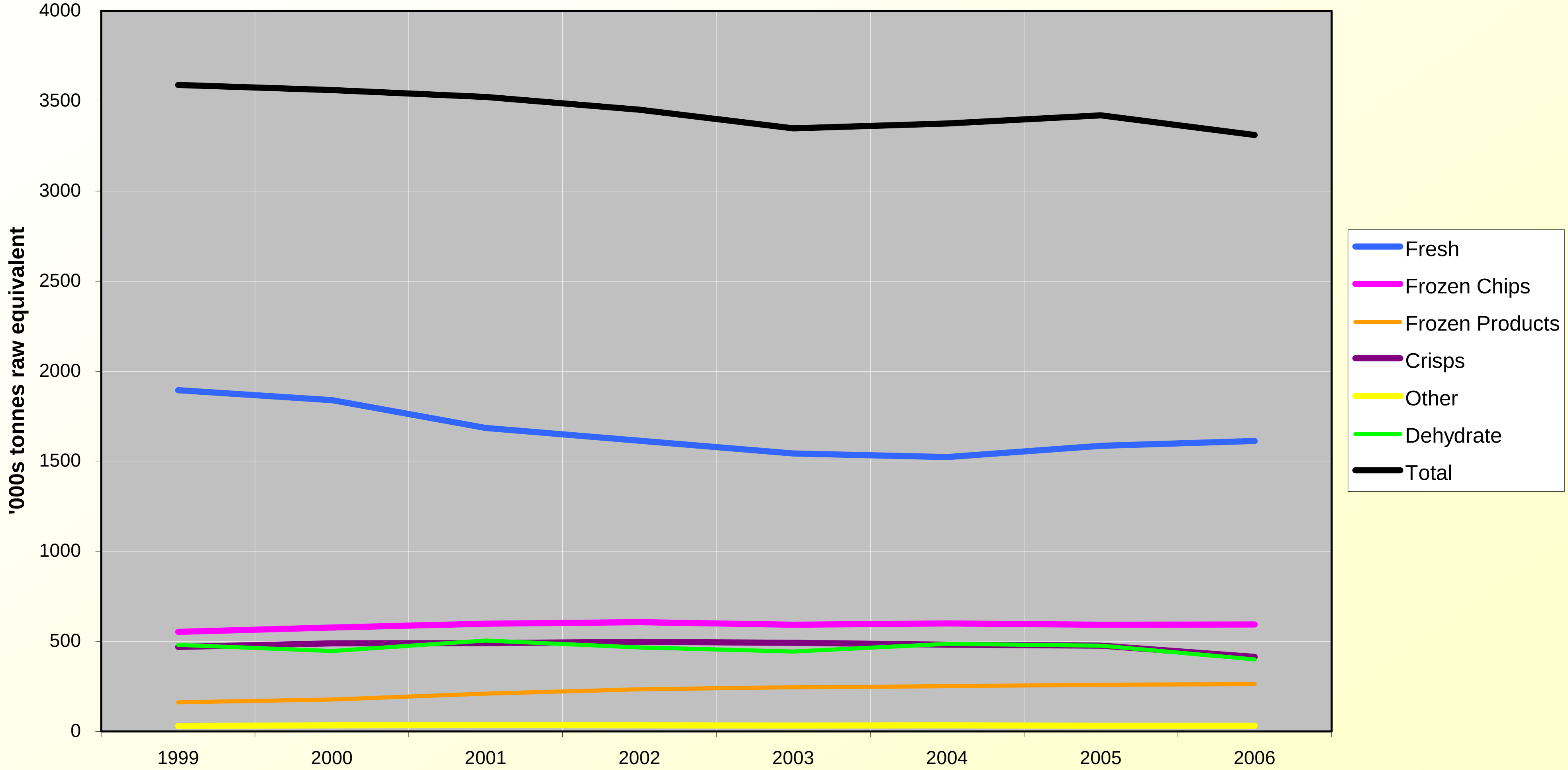


Fig 4: Retail fresh and product trends



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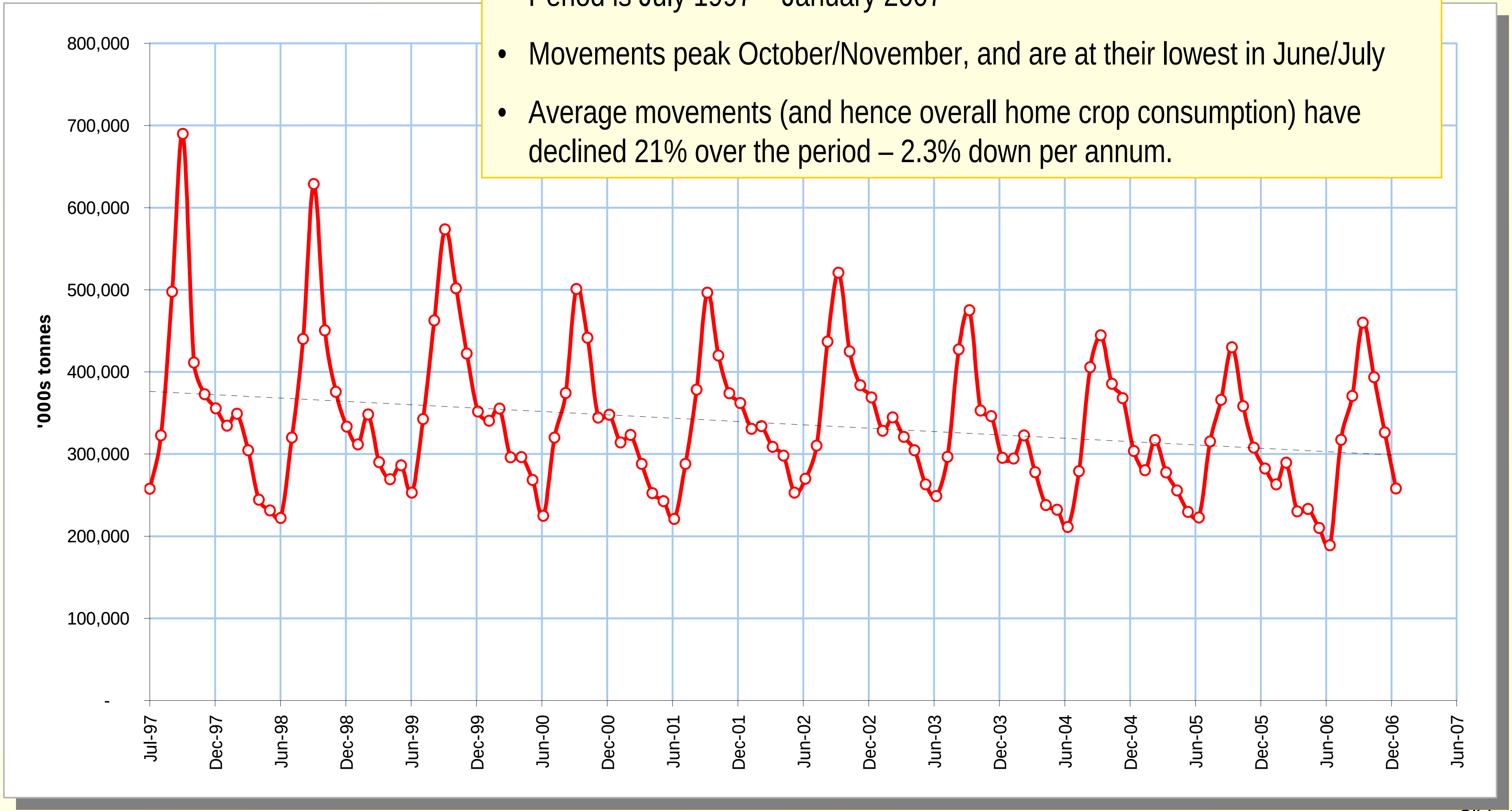
Consumption – Purchases from growers

- Data are First Purchases from BPC monthly Merchant Returns
- Period is July 1997 – January 2007
- Movements peak October/November, and are at their lowest in June/July
- Average movements (and hence overall home crop consumption) have declined 21% over the period – 2.3% down per annum.



Consumption – Retail trends

- Data are 4-weekly TNS retail sales for fresh and processed potato volumes
- Processed volumes are show as raw equivalent tonnages
- Year dates from 1st January
- Peak sales in winter, lowest in summer for both fresh and processed
- General trend to lower fresh, more processed consumption has been gently reversing over last 2 years

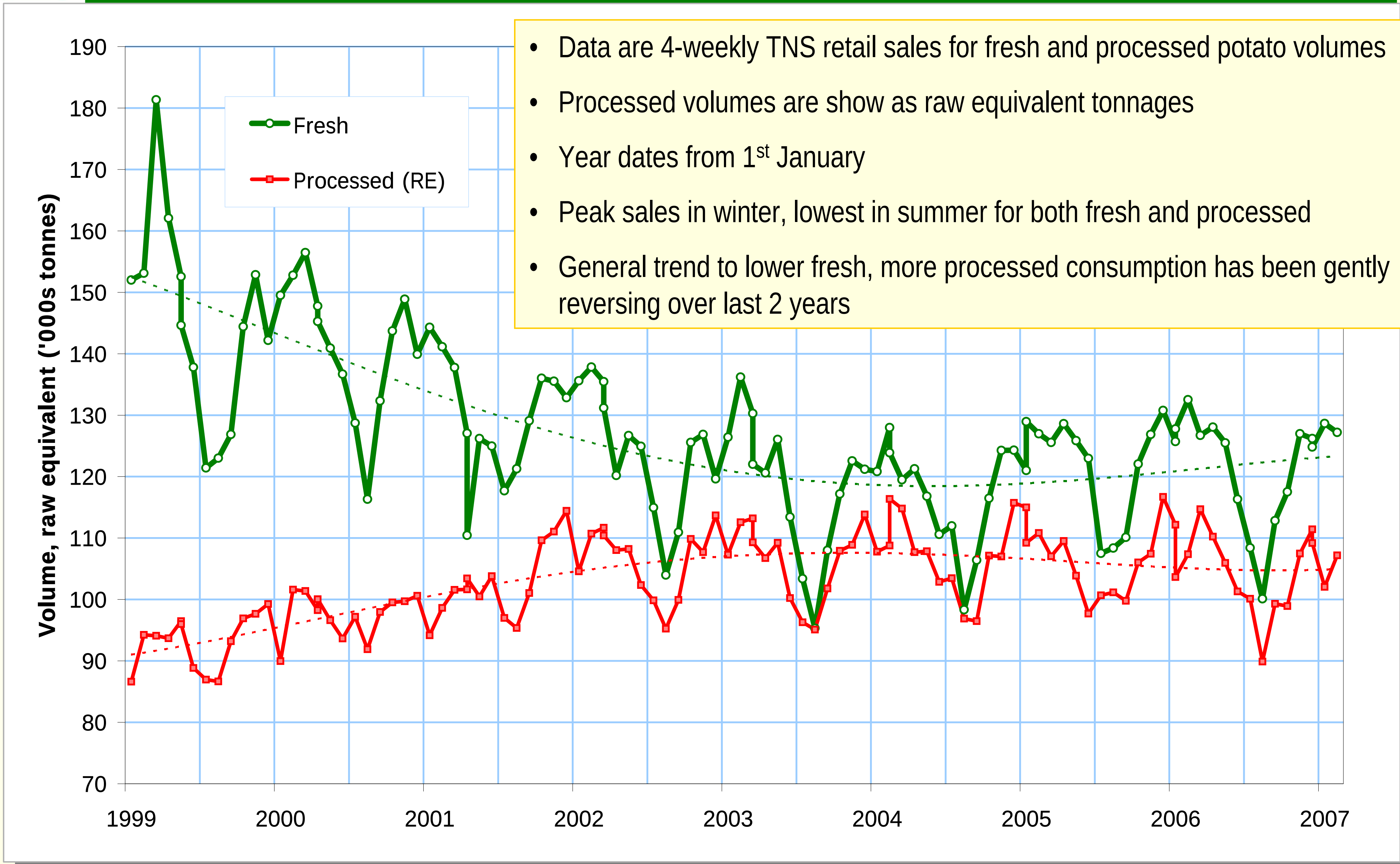
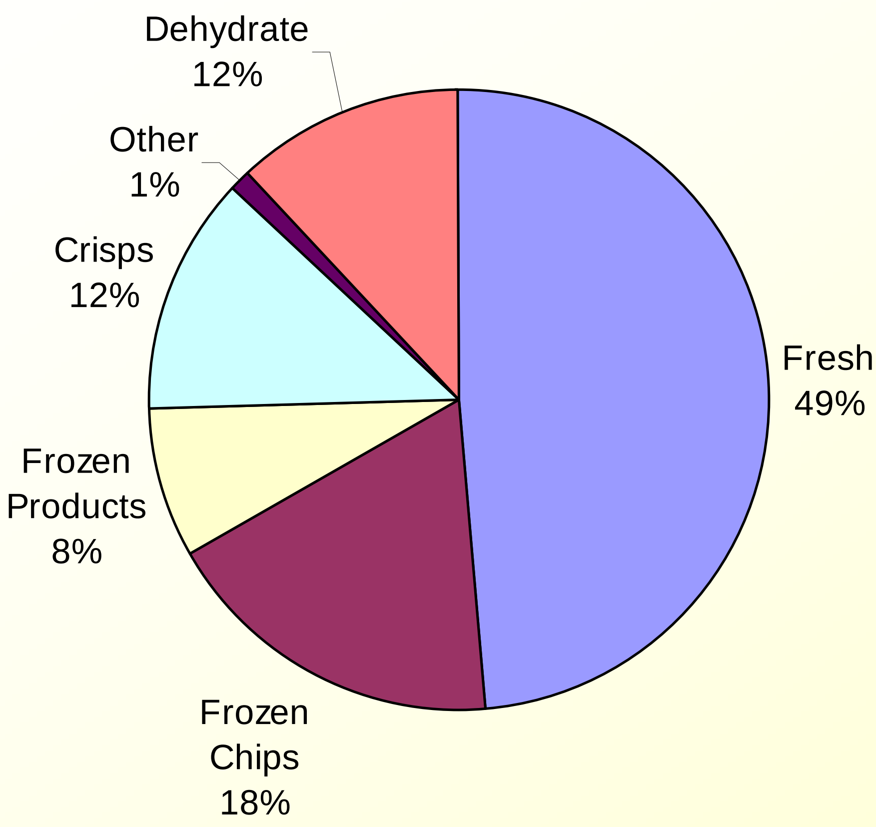


Fig 6: Retail volume and value shares

Volume, raw equivalent



Value, % retail sales

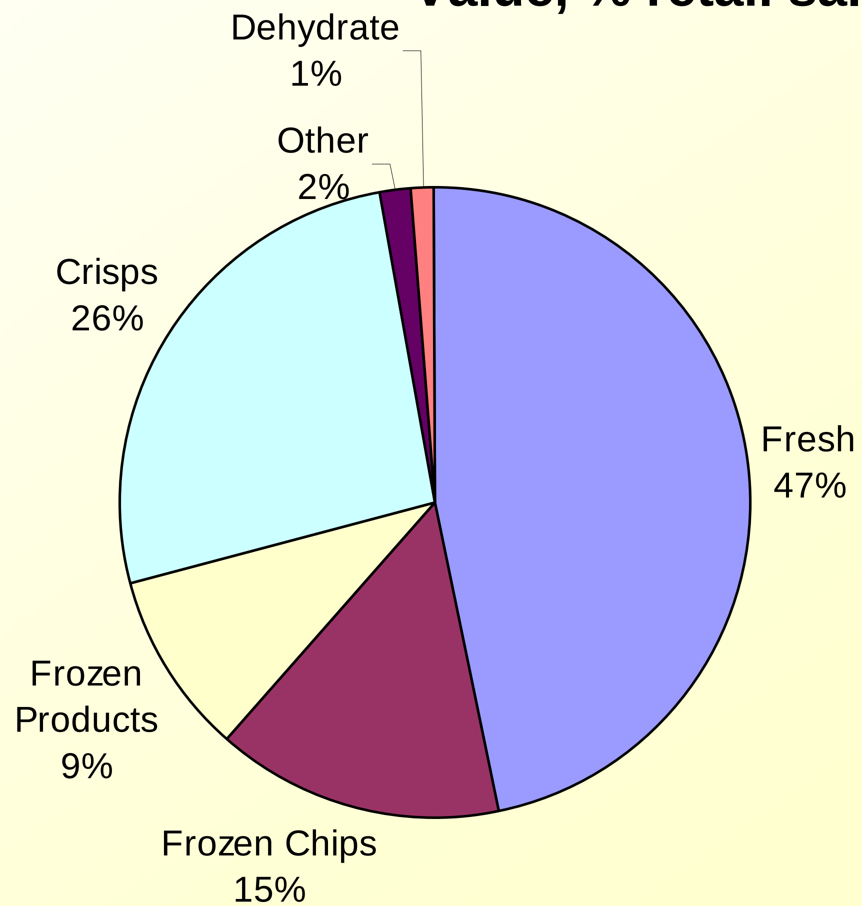


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Fig 10 : Fresh market share - Supermarkets

Market share by volume, all fresh potatoes, for 52 weeks to 16th July 2006. Source: *TNS SuperPanel*. Total volume over period 1.59 million tonnes.

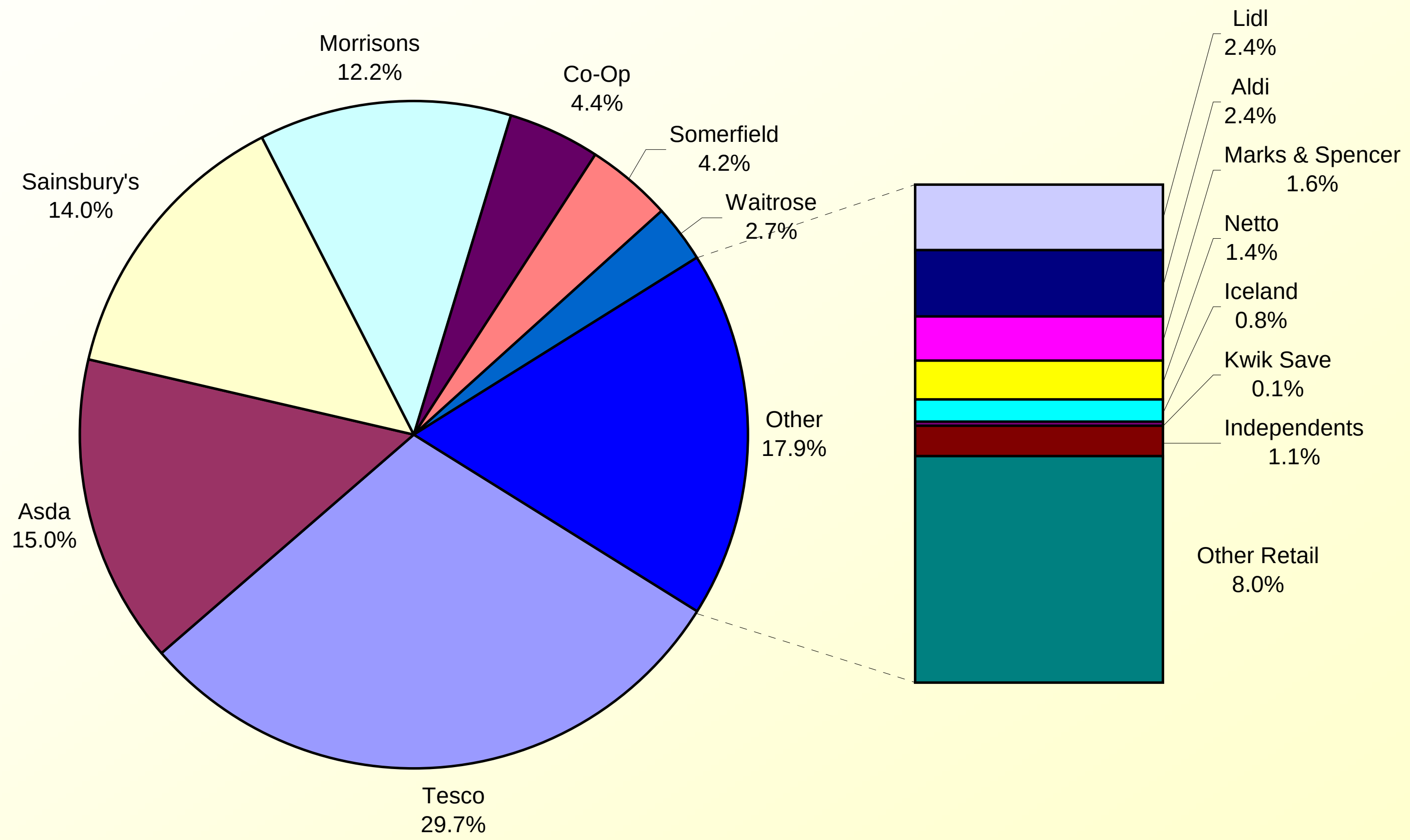

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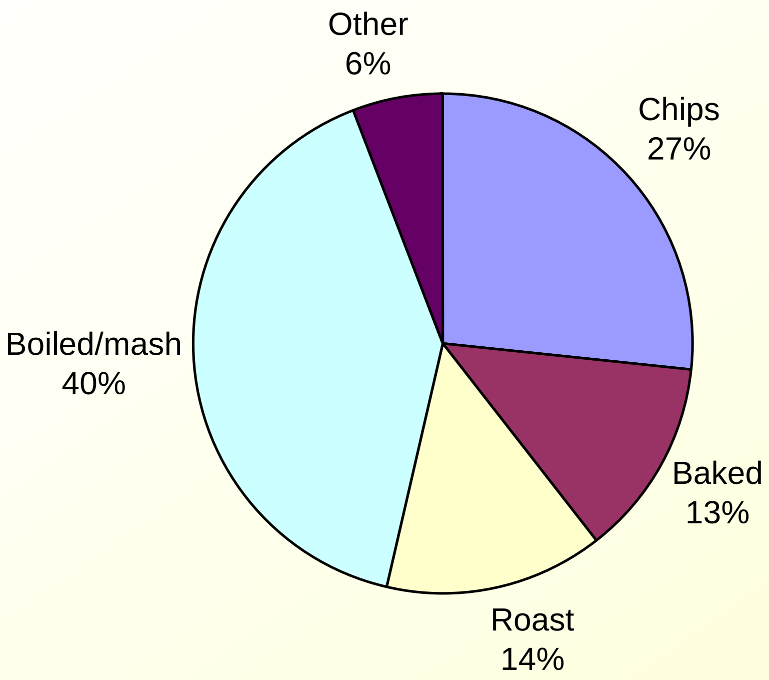
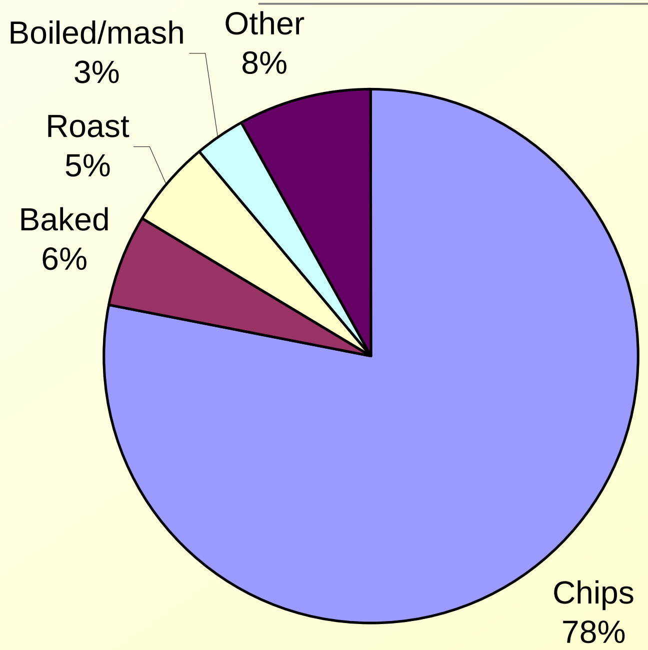
Fig 11 : Potato meal types in and out of home

In-home meals
(including packed lunch)



Out-of-home meals
(excluding snacks)



Source: *TNS Family Food Panel data from June 2004-May 2005*

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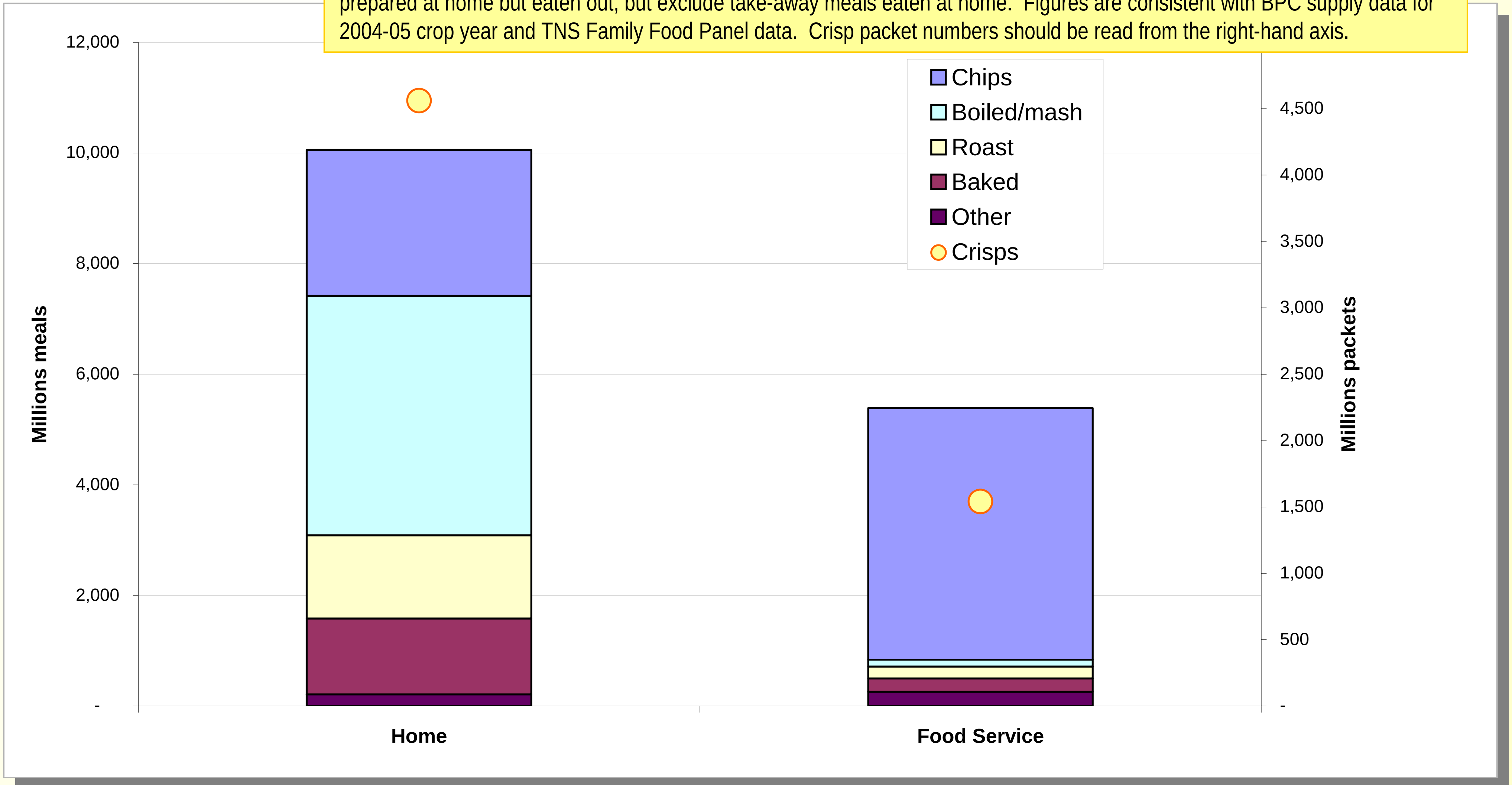
Fig 12 : Potato meals – Supply side analysis

Numbers of Meals are based on standard 180 g portions, crisp packets on 30 gm portions. Home meals include packed lunches prepared at home but eaten out, but exclude take-away meals eaten at home. Figures are consistent with BPC supply data for 2004-05 crop year and TNS Family Food Panel data. Crisp packet numbers should be read from the right-hand axis.



Source: BPC supply-de data with *TNS Family Food Panel data from June 2004-May 2005*

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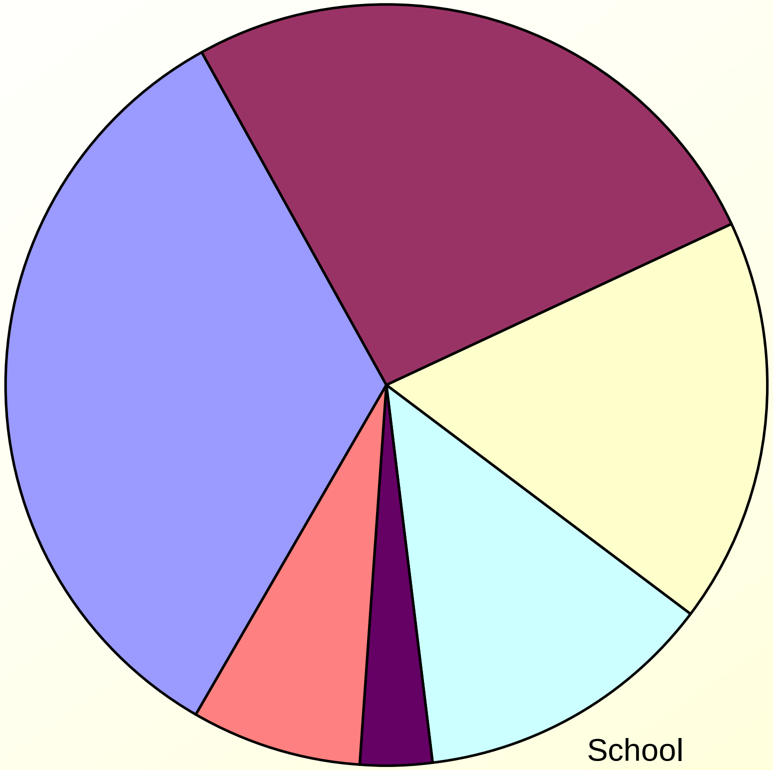
Fig 13 : Where potato meals are eaten



	Millions of meal occasions
Restaurant	1,807
Fish & Chip	1,409
Fast food, Take-away	931
School	683
Workplace	174
Other	385
Total	**5,389**

Numbers of Meals are based on standard 180 g portions with raw to plate conversion averaging 1.87. Figures are consistent with BPC supply data for 2004-05 crop year and TNS Family Food Panel data. School meal numbers based on Scottish school meals census factored to GB.

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The end

The End

and thank you

for your time…