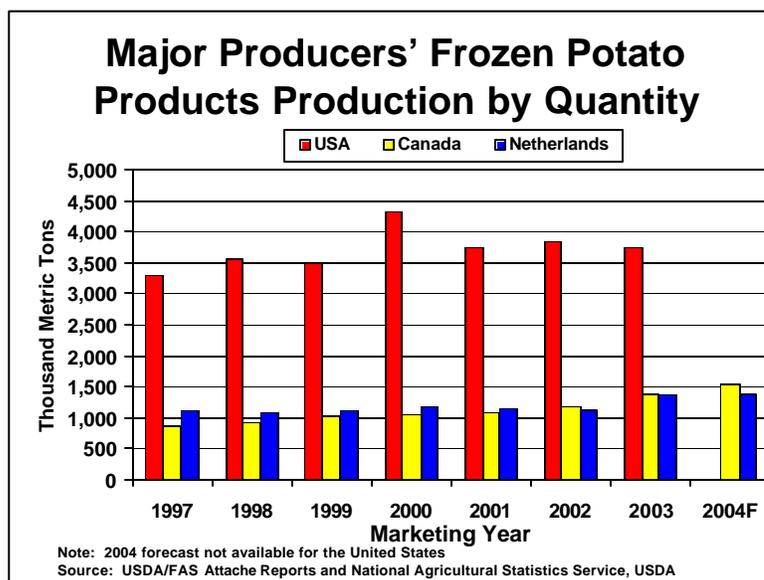


## Frozen Potato Products Situation & Outlook for Selected Countries

The United States, Canada, and the Netherlands are the top producers of frozen potato products. In marketing year (MY) 2003/2004, the United States was the largest producer, with 3.8 million tons, followed by Canada with 1.39 million tons, and the Netherlands with 1.36 million tons.

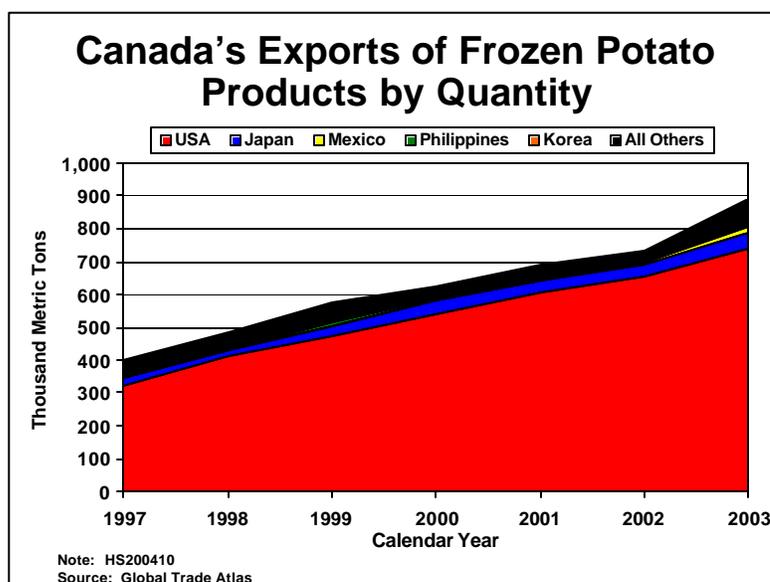
The world's leading exporters of frozen potato products are the Netherlands, Canada, and the United States. In 2003, the Netherlands exported 1.18 million tons (including intra-EU trade), according to Global Trade Atlas statistics. Canada exported 889,517 tons, double the U.S. amount. Changing global diet habits are expected to limit production and export expansion of frozen potato products in most countries, except China, over the next few years.



### Canada

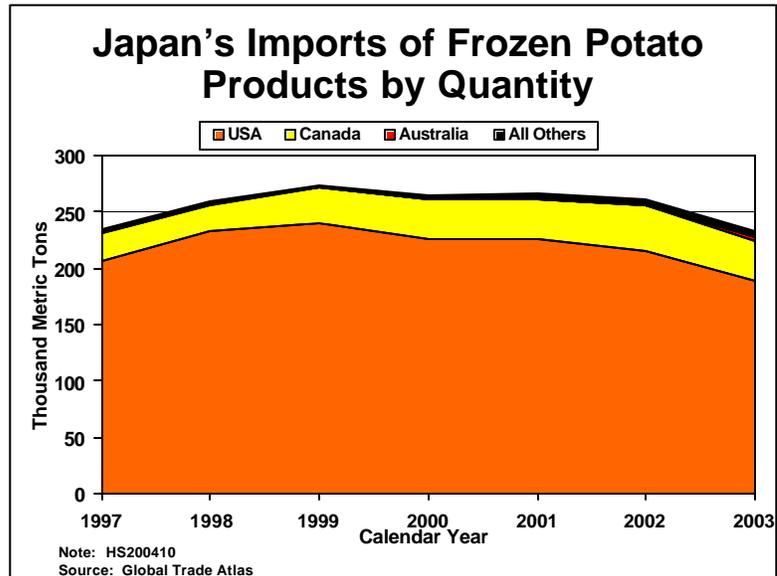
Canada is the second largest producer and exporter of frozen potato products in the world. Industry analysts estimate that more than half of Canadian potato production is processed into frozen fries. In MY2004/2005, production is expected to expand a moderate 10 percent to 1.5 million tons. Analysts report that Canada's major production expansion is over, but its exports are expected to continue to rise, although more modestly.

About 80 percent of Canada's frozen potato products are exported, mainly to the United States. In 2003, Canada's exports of frozen potato products soared to 889,517 tons, up 21 percent from 2002. This is partly due to output from a new Simplot plant in Manitoba in 2003, as well as expanded exports to Mexico in recent years after Mexico eliminated its tariff-rate quota on fries under NAFTA. In 2004, exports are expected to rise 15-20 percent to 1.17 million tons. For more information, see attaché report #CA4078.



## Japan

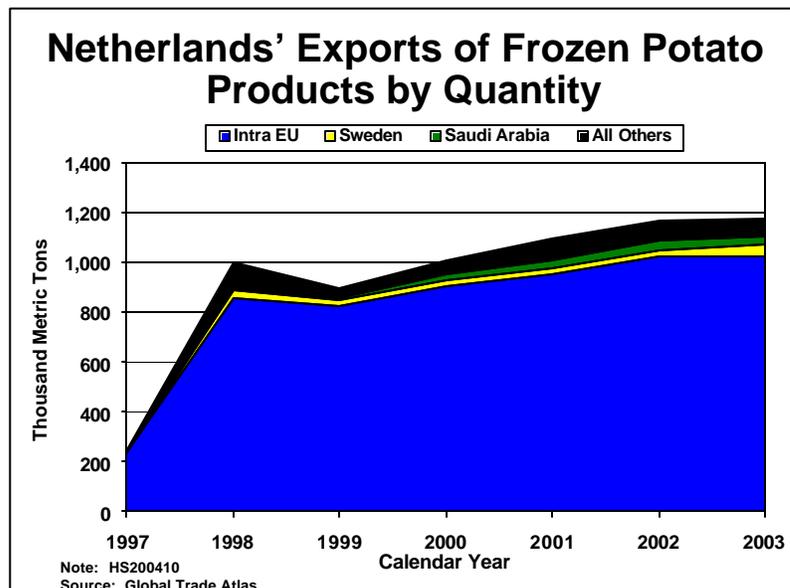
Japan mainly relies on imports to meet its demand for frozen potato products. However, in 2003, Japan's imports of frozen fries were 233,500 tons, down 11 percent from the previous year, due mainly to changes in Japanese eating habits and U.S. trade losses. The United States lost market share in the Japanese market as a result of Japan's ban on products made with tallow affected imports of U.S. fries in early 2004. The United States also lost market share due to increased competition from China and the European Union. Nevertheless, the United States still dominates Japan's market, with an 80 percent market share by quantity in 2003.



Despite its reliance on imports, Japan still produces small amounts of frozen potato products, with a domestic market share of about 4 percent in 2003. Japanese production of frozen potato products was 6,855 tons in 2003, up 5 percent from the previous year. Japan's domestic fries are very expensive. The average price for domestic product was \$1.75 per kg, while imported product was \$0.93 per kg. For more information, see attaché report #JA4539.

## Netherlands

The Netherlands is the world's third largest producer and the top exporter of frozen potato products. In MY2004/2005, production is expected to stay relatively flat at 1.37 million tons, according to FAS/The Hague. Future expansion is also likely to be very limited since Dutch processing plants are already operating at full capacity, and new plants will likely be opened close to Southern and Eastern Europe where demand for processed potato products is growing. Due to the high cost of transport, new processing plants are usually located close to the

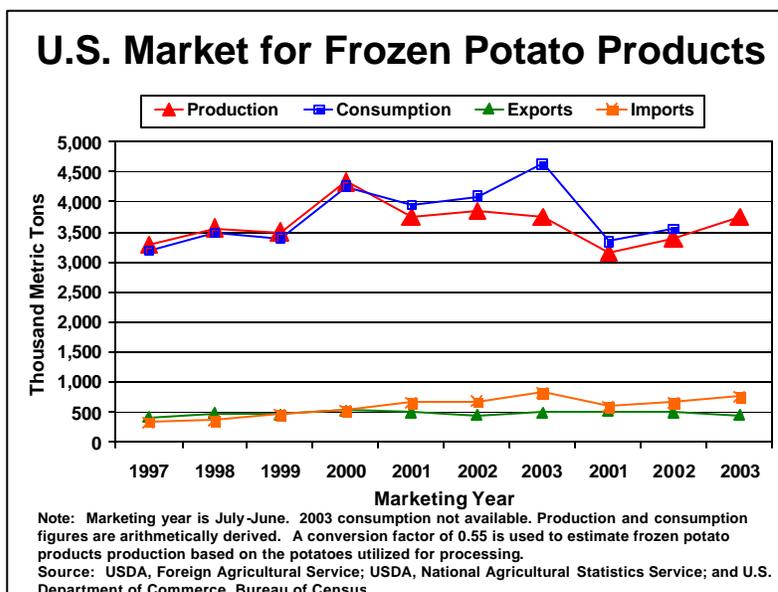


potato growing areas that serve these markets.

In 2003, Dutch exports of frozen potato products to the world, including EU countries, rose 1 percent to 1.18 million tons. Over 85 percent of its potato products production is traded, with 90 percent going to other EU members. French fries account for about 85 percent of this category. In 2004, exports are estimated to drop almost 10 percent to 1.27 million tons, as markets outside the EU are very competitive and expanding slowly. For more information, see attaché report #NL4030.

### United States

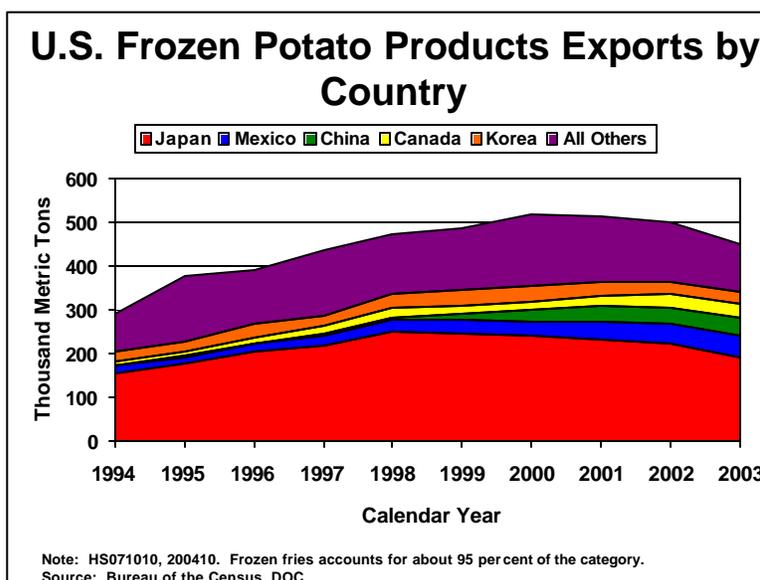
The United States is the world's largest producer and third largest exporter of frozen potato products. Production peaked in MY2000/2001 at approximately 4.4 million tons and dipped to approximately 3.8 million tons in MY2002/2003. This production decline is due mainly to changing eating habits in major markets over the last several years and increased competition among international suppliers, as reflected by the increase in U.S. imports in recent years.



From 2002 to 2003, U.S. exports of frozen potato products fell 10 percent to 444,527 tons. However, exports appear to have recovered slightly in 2004, reaching 368,062 tons during the first 9 months of 2004, up 13 percent over the same period in 2003. In value terms, exports were \$331.6 million, up 60 percent over this same period.

Japan is the largest market for U.S. exports of frozen potato products, followed by Mexico. In 2003, exports to Japan fell 13 percent to 190,817 tons. In contrast, they increased 6 percent and 16 percent, respectively, to Mexico (49,509 tons) and China (41,705 tons), due to increased demand.

Thus far, 2004 is shaping up to be a better year, as U.S. frozen



potato product exports to most major markets were up during the first 9 months of 2004. Exports to Japan reached 149,153 tons, up 6 percent over the same period in 2003. Exports to Mexico were 49,299 tons (up 41 percent), China 40,333 tons (up 32 percent), Canada 26,500 tons (up 10 percent), and Taiwan 16,682 tons (up 26 percent).

*(The FAS attaché report search engine contains reports on selected vegetable industries for selected countries. For information on production and trade, contact Shari Kosco at 202-720-2083 or [shari.kosco@usda.gov](mailto:shari.kosco@usda.gov). For information on marketing, contact Lisa Twedt at 202-720-6086 or [lisa.twedt@usda.gov](mailto:lisa.twedt@usda.gov). Also see the processed vegetable webpage at [www.fas.usda.gov/htp/Commodity\\_Pages/Vegetables/veg\\_proc.html](http://www.fas.usda.gov/htp/Commodity_Pages/Vegetables/veg_proc.html))*