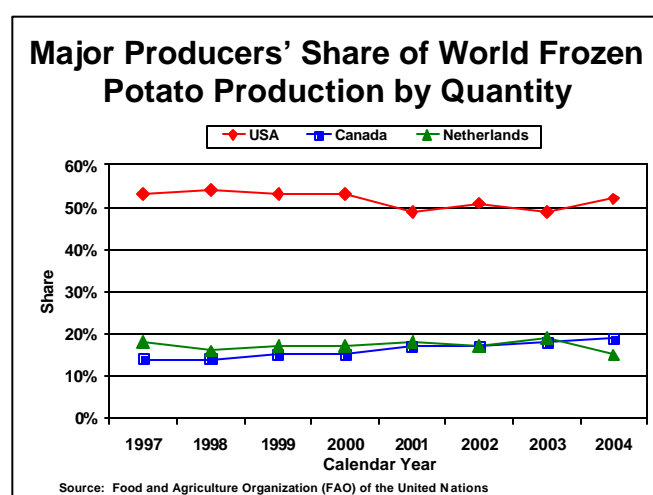
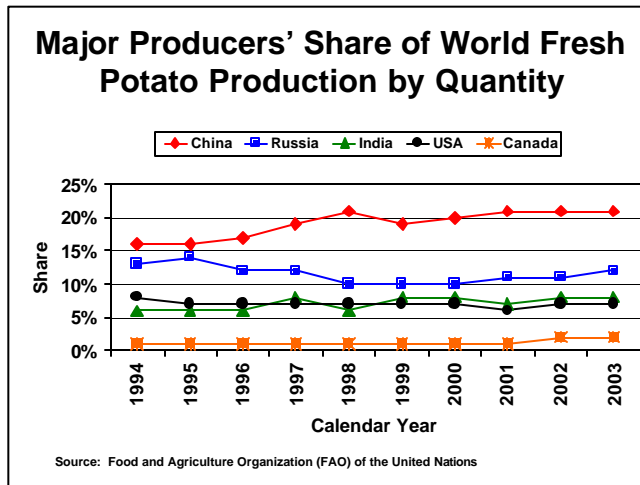
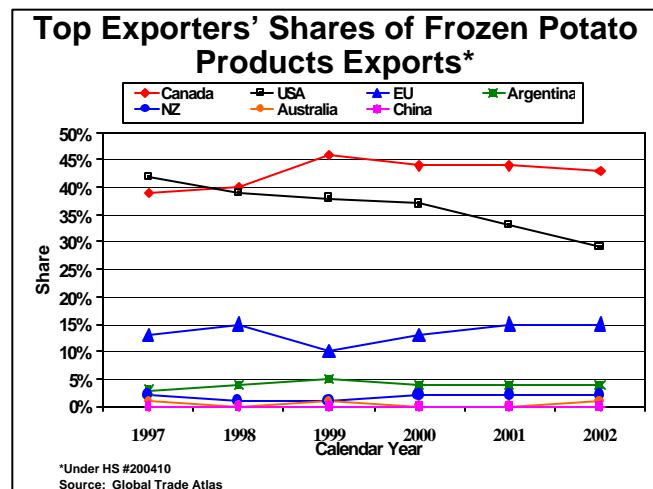
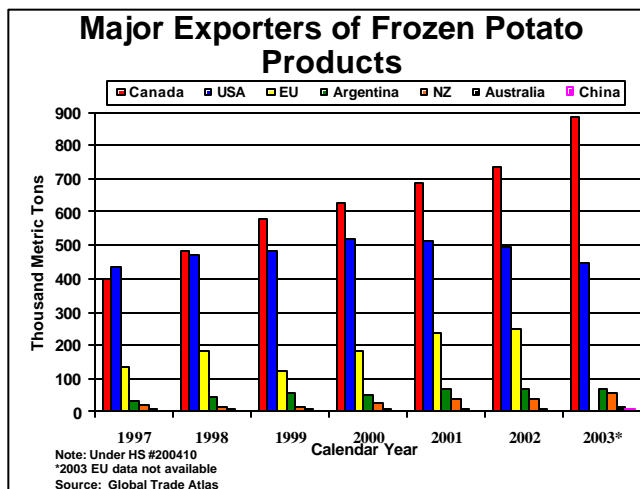


Frozen Potato Products Situation & Outlook for Selected Countries

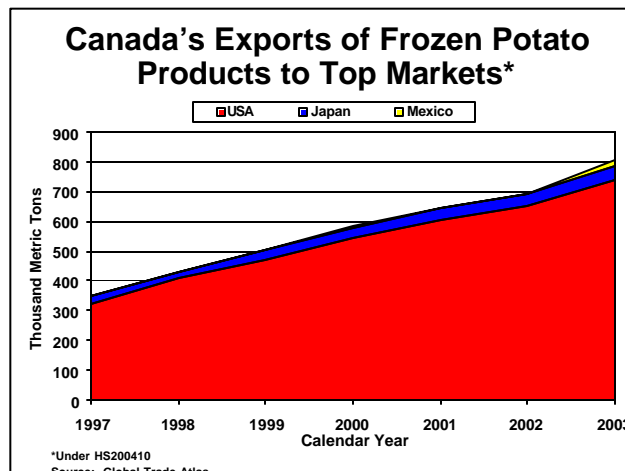
The world's leading exporter of frozen potato products is Canada, followed by the United States and the European Union (EU), according to Global Trade Atlas statistics. Before 1998, the United States was the largest exporter of frozen potato products, but Canada took over first place in 1998 and has been the leading exporter since then. From 1997-2003, world exports of frozen potato products had mixed results. Canadian exports more than doubled, EU exports increased an estimated 50 percent, and U.S. and other key countries' exports remained flat. The Canadian share of world exports of frozen potato products grew moderately over the last 5 years, while the U.S. share fell sharply, and all other key exporters' shares remained fairly stable. Specifically, U.S. shares of world exports of frozen potato products dropped from 42 percent in 1997 to 29 percent in 2002. The global trend of healthier diets is expected to limit production and export expansion of frozen potato products in most countries, except China, over the next few years.



Canada

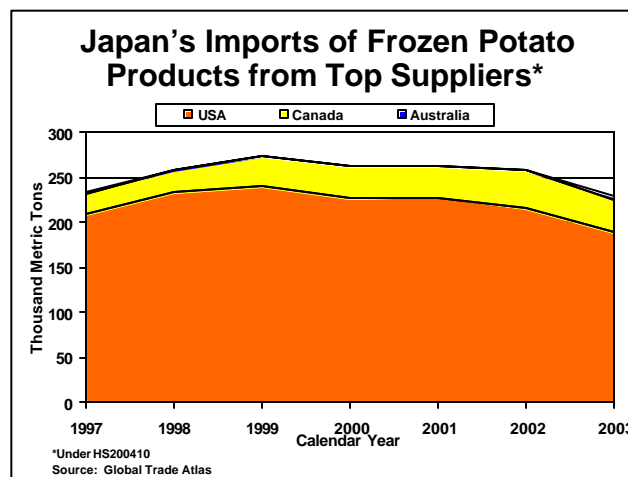
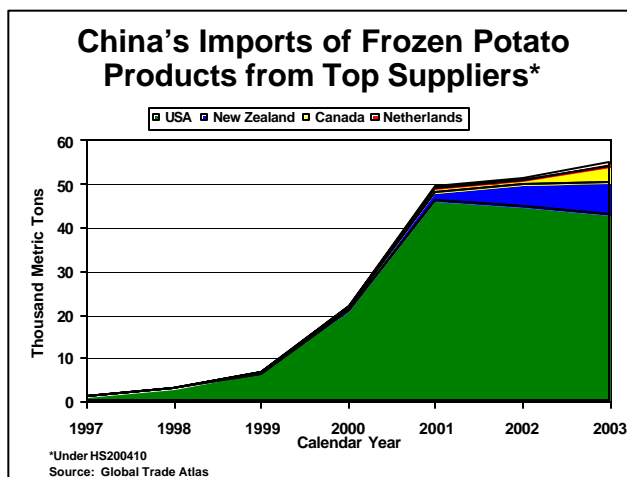
Canada is the largest exporter and second largest producer of frozen potato products in the world. From 1997-2002, Canada's industry went through a significant growth phase. Industry analysts report that Canada's major production expansion is over, but its exports are expected to continue

to rise, although more modestly. In 2003, Canada's exports of frozen potato products soared to 900,000 tons, more than double the amount in 1997. 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. Canada's share of world exports of frozen potato products peaked at 46 percent in 1999. They dropped slightly to 43 percent in 2002, but were still much larger than other countries' export shares. For more information on Canada, see attaché report #CA3067.



China

China is the largest potato producer in the world and produces over 20 percent of the world's potatoes, according to statistics by the Food and Agriculture Organization (FAO) of the United Nations. China is both a growing market and competitor for potatoes and products, and is one of the few countries expected to increase production and trade of frozen potato products over the next few years. About 5-10 percent of China's potatoes are processed, and China has been investing in the frozen potato fry industry in order to take advantage of the growth in its domestic fast food industry.



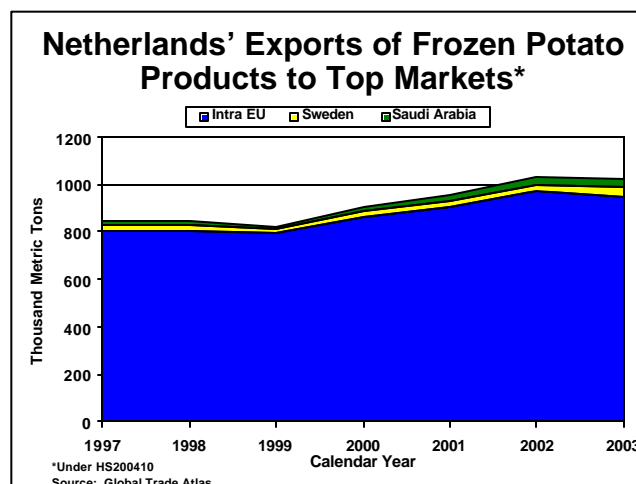
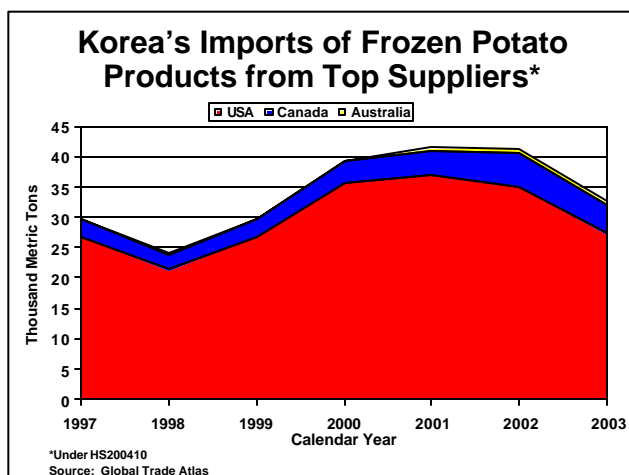
From 1997-2003, China's imports of frozen potato products have grown exponentially, making it a very attractive market. In the next few years, analysts expect China's imports and exports to continue growing. However, the situation over the longer term is unclear, because China's plans to expand production could be limited by land and water constraints. China is the third largest market for U.S. frozen fries by quantity, and is expected to continue growing in importance as an import market. For more information on China, see attaché report #CH3109.

Japan

Japan is a key importer of frozen potato products. Japan's imports of frozen potato products peaked in 1999 and have dropped every year since then. Despite this, exporters remain very interested in this market, and analysts expect this market to recover within the next few years. For more information on Japan, see attaché report #JA3082.

Korea

From 2002-2003, Korea's imports of frozen potato products fell 20 percent from all suppliers. However, they have risen 12 percent from 1997-2003. The United States is the largest supplier of frozen potato products to Korea, with 80 percent of the import market share by quantity. Canada is the next largest supplier, with a 15-percent share. However, over the last 7 years, the U.S. share has slowly been declining from 90 percent to 80 percent, while Canada's share has slowly been increasing. Korea is the fifth-largest market for U.S. frozen fry exports by quantity. For more information on Korea, see attaché report #KS3028.



Netherlands

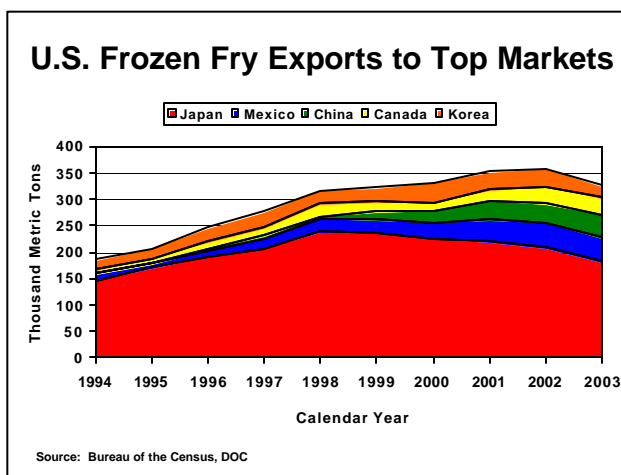
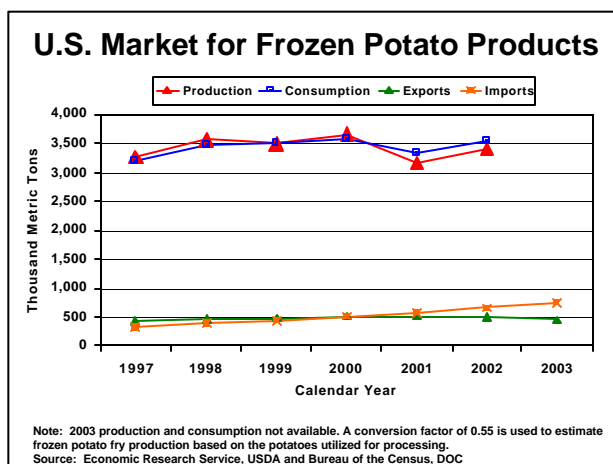
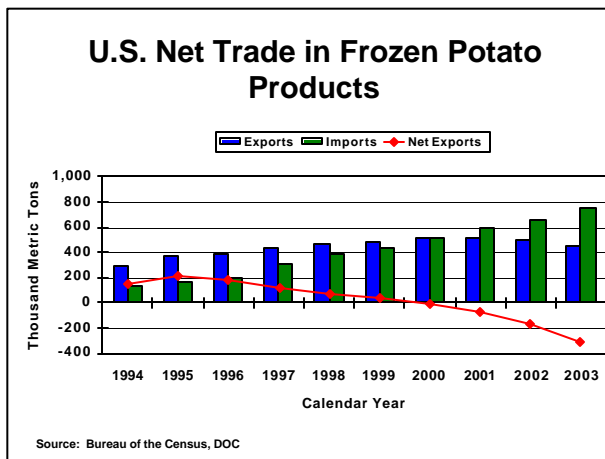
The Netherlands is a major producer and exporter of frozen potato products. Production has remained fairly flat over the last 5 years. Drought in 2003 reduced potato production, and frozen fry production is expected to be substantially lower.

Dutch exports to the world, including EU countries, rose 16 percent from 1997-2003. Dutch exports to non-EU members rose 8 percent to 206,000 from 1997-2003. Over 80 percent of its exports are traded with other EU members. For more information on the Netherlands, see attaché report #NL3039.

United States

The United States is one of the world's top producers, exporters, and importers of frozen potato products. From 1997-2002, production and exports have remained fairly flat, due largely to healthier food trends in many countries, while imports have grown steadily. In 2000, the United States became a net importer of frozen potato products, and this trade deficit has been growing since.

From 1994-2003, U.S. exports of frozen potato products grew over 50 percent. However, U.S. exports of frozen potato products fell 13 percent from 2002 to 2003. Over the last 10 years, U.S. frozen fry exports climbed 25 percent to Japan, soared about 300 percent each to Mexico and Canada, rose exponentially to China, and jumped 32 percent to Korea. However, healthier diet trends and concerns of BSE linked to tallow used in making potato fries are expected to dampen future U.S. production and export expansion.



(The FAS attaché report search engine contains reports on the selected vegetable industries for selected countries. For information on production and trade, contact Shari Kosco at 202-720-2083. For information on marketing, contact Ted Goldammer at 202-720-8498.)